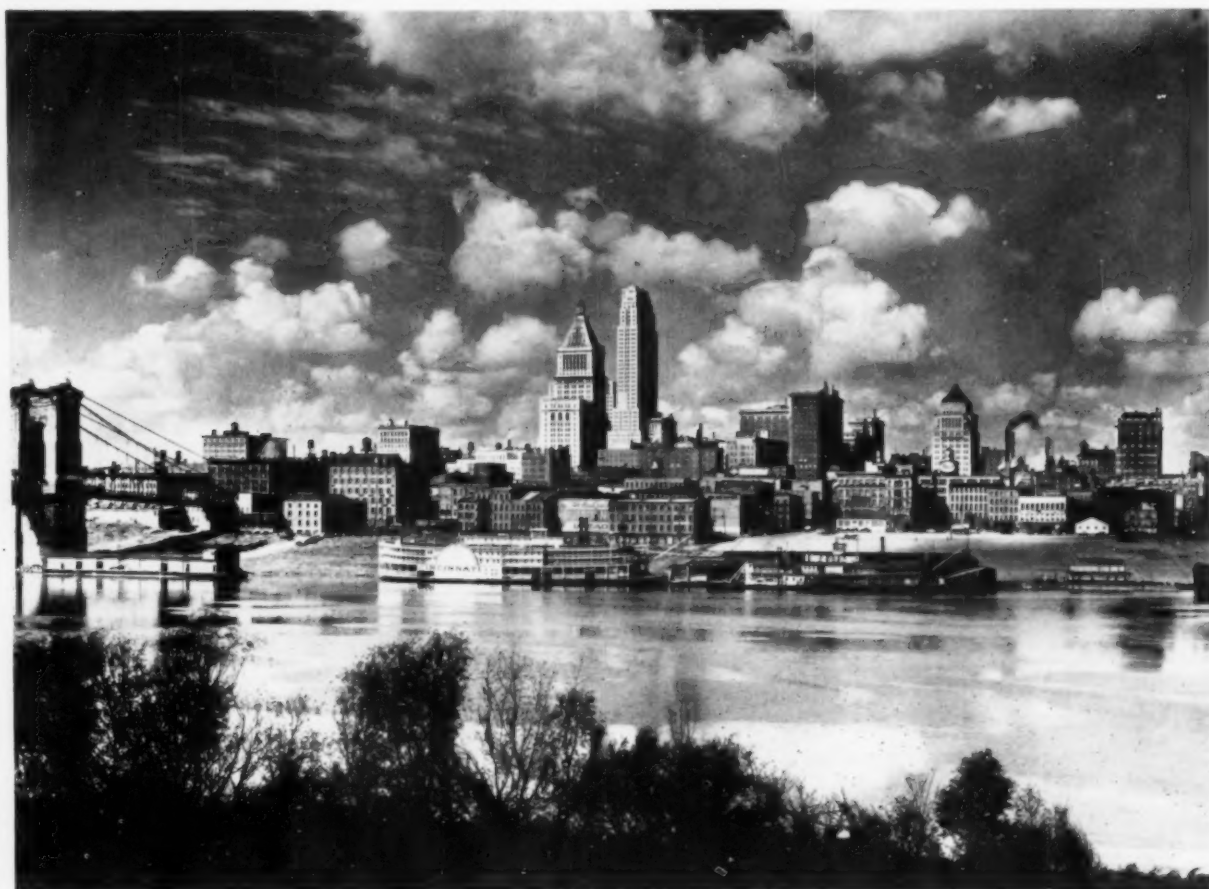


April 1958



CINCINNATI, OHIO

ABOVE IS A view of Cincinnati's skyline taken from the Kentucky shore. The city can truly be called the Queen City and the gateway to the South as well as the crossroads of the nation. The Ohio River, a lifeline for inland commerce, made the city great long before the rest of the nation had finished pioneering.

ABOUT 40 per cent of the nation's population is within 350 miles of Cincinnati and it is the nearest major industrial city to the center of population. It is but 600 miles to New York, 240 to Detroit and 700 to New Orleans.

ALLISON P. KOELLING, Executive Vice President, Credit Bureau of Cincinnati, is also Secretary of the Associated Retail Credit Granters of Cincinnati with a membership of 874 in the National Retail Credit Association.

The Credit World

Only Publication Serving the Entire Field of Retail Credit



You May Be Losing Your Shirt

How much do credit sales actually cost you? Unless you use Factbilt credit reports, the expense of write-offs may exceed your increased sales profits. A file check or trade clearance report from your credit bureau will assure you that your credit sales are profitable sales.

Factbilt reports anywhere through Credit Reporting Division Members of

ASSOCIATED CREDIT BUREAUS OF AMERICA INC.

7000 Chippewa Street

St. Louis 19, Missouri

Great new advance in microfilming...



Makes film reference so much easier!

Kodamatic Indexing—a unique feature of the new Recordak Reliant Microfilmer—lets you find microfilmed items in seconds.

Recordak Microfilming helped make non-descriptive billing safe and practical for stores of every size. Now Recordak is first again with a simple, easy-to-use microfilm index system that will make your billing operations even more efficient—Kodamatic Indexing!

All you have to do is dial code number—any number from 1 to 99—before you microfilm a batch of items. The Reliant does the rest—automatically photographs index-code lines right on the microfilm.

Later, when you look something up in a Recordak Film Reader, these code lines lead you right to the picture you want.

Kodamatic Indexing is much faster, far more accurate than other systems... it also lets you photograph batches of items at random instead of in sequence!



RECORDAK

(Subsidiary of Eastman Kodak Company)

originator of modern microfilming
—now in its 30th year

This is just one of the new Reliant Microfilmer's precision features. Others include:

High-speed automatic feeder stops double feeding of documents... all but ends possibility of missed pictures, even at fastest recording speed.

Endorser eliminates separate operation—endorses or cancels checks automatically during microfilming run.



Eye-level stacking tray plus all controls at fingertips end stooping and reaching. Provide greatest operator convenience.

Mail coupon below and learn how you can cut posting operations 85%, take seasonal peaks in stride, reduce filing space 98%, speed reference, cut accounts receivable insurance costs—with the new Recordak Reliant Microfilmer.

"Recordak" is a trademark

MAIL COUPON TODAY

RECORDAK CORPORATION
415 Madison Avenue, New York 17, New York

Gentlemen: Please send further information on new Recordak Reliant Microfilmer with Kodamatic Indexing... and how it can cut our billing costs.

DD-4

Name _____

Position _____ Company _____

Street _____

City _____ State _____

Please Mention THE CREDIT WORLD When Writing to Advertisers

Educating the Credit Customer



Protector of your family's future — YOUR CREDIT

Good credit can provide them with everything they need, for all the years to come. Prompt, regular payment of your just debts keeps the protecting hand of your credit strong for the future.

Keep it strong... pay your bills!



LOCAL ASSOCIATION
NAME



This Man Pays His Bills!

Nothing is too good for the man who pays his bills and keeps his credit good! Anyone who extends credit will roll out the red carpet and render the "plush" treatment for this fellow...and as a result, he can have practically anything in the world he wants. In America, you don't have to be a Sultan or the richest man in the world to live better...just pay your bills!

Keep your credit good and live better!



LOCAL ASSOCIATION
NAME



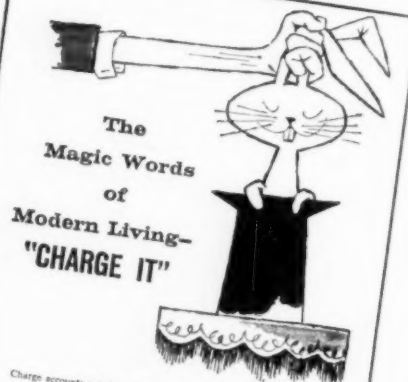
Magic genie— Your credit rating:

In Aladdin's day, you almost had to have a lamp and a magic genie to get things you wanted! Today, we do it the modern, American way...just buy it on credit. Your credit is merely your good name, based on the simple premise of paying your just bills regularly when they come due. Keep your credit good and you can provide your family with practically anything they desire.

You don't have to rub a lamp—just pay your bills!



LOCAL ASSOCIATION
NAME



The Magic Words of Modern Living— "CHARGE IT"

Charge accounts are the convenient way to buy things...if you see something you want, just say the magic words "charge it"! Every store gives special treatment to its "charge customers" as open an account wherever you shop and enjoy the convenience. Pay your bills regularly and enjoy better living the modern, American way.

*Use your charge account... pay your bills...
buy anything you want!*



LOCAL ASSOCIATION
NAME

AT THE request of several associations, four additional consumer ads were designed to supplement our 1956 series. They are different and are for publication prior to, during and following National Retail Credit Week, April 20-26, 1958.

Size, 5 3/4" x 8 7/8". Price is \$3.00 per mat.

NATIONAL RETAIL CREDIT ASSOCIATION
375 JACKSON AVENUE
ST. LOUIS 5, MO.

The CREDIT WORLD

REGISTERED IN THE UNITED STATES PATENT OFFICE

OFFICIAL PUBLICATION OF THE NATIONAL RETAIL CREDIT ASSOCIATION

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April, 1958

Number 7

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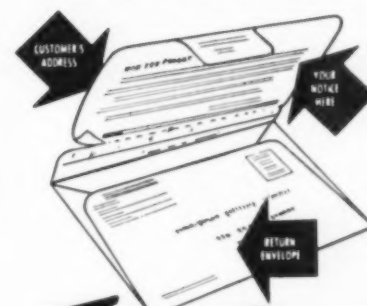
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Printed in U.S.A., by The Ovid Bell Press, Inc.

The Credit World RELIES ON



Triple-Duty

COLLECTION NOTICES

● SAVE TIME

Outgoing envelope, notice form and return envelope are combined in a single unit. You save time-wasting clerical handling, addressing and inserting.

● SAVE MONEY

TRIPLE-DUTY notices are mailed sealed just like First-Class mail, yet require only 2¢ postage anywhere in the United States. You save \$10 on every thousand.

● SPEED COLLECTIONS

TRIPLE-DUTY gets First-Class attention. All your customers have to do is read the message, detach the stub, and put the check and stub in the reply envelope. Since there is nothing to fill out, nothing to lose, payments are made easy and will come in faster.

TRIPLE-DUTY ENVELOPE CORP.

Originators and sole mfrs. of Triple-Duty Envelopes

FOR FREE SAMPLES AND PRICE LIST
CLIP COUPON . . . MAIL TODAY!

TRIPLE-DUTY ENVELOPE CORP. CW-4-58

Affiliate of Hodes-Daniel Company, Inc.

352 4th Avenue, New York 10, N. Y.

Gentlemen: Please send samples and price list to

NAME _____

ADDRESS _____

CITY _____ ZONE _____ STATE _____

TYPE OF BUSINESS _____

Associated Retail Credit Granters of Cincinnati

EARL L. FRYE

*President, Associated Retail Credit Granters
Credit Manager, Getz Jewelers, Cincinnati, Ohio*



ALL THAT glitters may not be gold, however, we of the Associated Retail Credit Granters in the Queen City area are very proud of the shining progress that has been made since the first meeting of October 15, 1929, when J. H. Edgerton, President of the National Retail Credit Association, was the guest speaker. Mr. Edgerton outlined the aim and hopes and laid great stress on educational programing to a small attending group of credit executives. Fortunately, the group became organized in the period of the lean depression years enabling Credit Granters a better knowledge of the extension of credit and publicly advertising a pay plan on the tenth of each month, and as to the importance of a good credit rating.

Through the ensuing war years the group met with many problems of supplying its members with up-to-date trends and regulations, such as Regulation W. L. S. Crowder, General Manager-Treasurer of the National Retail Credit Association, spoke with the local group in November, 1945, regarding Regulation W and credit conditions, and encouraged our organization by outlining suggested credit trends. From the encouragement of this meeting, a postwar planning committee was formed, knowing that with the cessation of hostilities, there would be a shortage of certain products and the control of credit may have a good effect on lessening the evils, such as booms or recessions, by working out a plan of cooperative control of credit.

Allison P. Koelling was named Manager of the Credit Bureau of Cincinnati, Inc., in 1946. At this approximate time, the officers and directors of the Associated Retail Credit Granters of Cincinnati, requested Mr. Koelling to reorganize our group and that he become permanent executive secretary of the organization. By June, 1947, a new constitution and bylaws were approved, and the purpose of the organization is to advance the use of consumer credit consistent with sound business principles, and to further the interchange of ideas be-

tween men and women engaged in the credit profession. Through the reorganization, many fruitful plans as to social and educational meetings have taken place regularly each month, normally on the third Wednesday.

We had the pleasure of being host to the 5th and 13th Districts of the N.R.C.A. in 1949, and also entertaining the 36th annual International Consumer Credit Conference in June, 1950, with more than 850 out-of-town delegates from all sections of the United States, Canada and Hawaii.

Through the years of diligent dedication of the directors, officers and members, the Associated Retail Credit Granters local division of the N.R.C.A. in the Greater Cincinnati Area, are proud to boast there are 900 members of the local N.R.C.A.

New Officers and Directors

At the most recent election, the following officers and directors were elected: President, Earl L. Frye, Getz Jewelers; Vice-President, Walter Spoerlein, Squire's; Treasurer, Floyd Wilson, Kline's; Secretary, Allison P. Koelling, Credit Bureau. Directors: Mary Brinkman, McAlpin's; Natalie Roth, Burkhardt's; and Robert Henninger, Steinberg's.

The following notations were taken from the minutes of the Retail Credit Granters agenda from 1949 through May, 1957. In most cases there were other short subjects discussed, such as: convention reports, National Office (N.R.C.A.) projects, joint meetings, Christmas party, summer outing and problems of the times.

1. Nine General Discussions

Analyzing Credit Risks
Bankruptcies
Store Credit Problems
Penalty Charges on Delinquent Accounts
"I Am Doing Something New"
Adjustment Service Corporation Information
Charge Authorization
Non-Responsible Notices
Problems Confronting Credit Granters

2. Eight Panel Discussions

Fraudulent Purchases and Shoplifting
Credit Factoring
Outlook for Coming Year
Check Insufficient Fund Ordinance
"I Have a Problem"
Store Problems

3. Seven Speeches

Hamilton County Welfare Department
Judge of Common Pleas and Domestic Relations Court
Clerk of Courts Regarding Trusteeship
Finance Company Men (Better Cooperation)
Telephone Company
All N 1 Charge Plan
Adjustment Service Corporation

4. Five Films

Chamber of Commerce Film
"Credit-Man's Confidence in Man"
"Money at Work"
"Land of Can Do" (City Loan's Film)
N.R.C.A. Film

5. Nine Problem Account Meetings

The stores submit names of problem accounts to the Bureau and the Bureau notifies interested stores; and a general discussion of the problem and action follows.

6. Five Credit Bureau Presentations

On numerous occasions the Credit Bureau has made presentations regarding new services, progress reports, annual reports, and mutual problems to be discussed.

The present officers are very pleased with the growth of attendance and enthusiasm of its members at the meetings, such as the February program where William H. Butterfield, Executive Director of the University of Illinois Foundation, nationally known expert on business letters and public relations, conducted a business-letter clinic.

We have every hope that the future will hold even greater enthusiasm, interest and growth as has been enjoyed during the past decade.

Expense Control Through Development of Personnel

WINSTON CLARK

Credit Manager, John Shillito Company, Cincinnati, Ohio



ONE OF THE major problems which we encounter today is the rising expense rate unaccompanied by a proportionate increase in productive efficiency—an unhappy circumstance which challenges the initiative or ingenuity of all operating executives.

In dealing with expense as it affects us, we find the greatest opportunity lies first, in developing the individual and second, in improved methods or procedures. Since there has been much discussion on the subject of procedures, we will concentrate *here* on the individual—not only because the subject has been given relatively little attention in previous studies but because it may well be true that the skill of the workman is more important than the tools he uses and also because payroll is by far our greatest single expense.

It is important, therefore, that we know whether we are getting what we pay for with our payroll dollar, and if we find out that we are not, knowing what to do about it.

Our troubles actually begin during lush profit and volume periods when (a) we might inadvertently settle for less than the individual is capable of delivering and thus permit his deterioration and only to later find it difficult and many times impossible to bring him back to fair and acceptable performance standards, (b) because of a tight labor market be compelled to accept substandard personnel and when the "chips are down" find ourselves saddled with people incapable of meeting acceptable standards, and (c) we find wages increasing at a greater rate than our production efficiency.

Therefore, we should be in a position at all times to accurately appraise and rank our personnel through the use of adequate yardsticks on both a quantitative and qualitative basis.

In setting up a system of evaluating the individual and his performance great care should be taken to create reliable methods as there is danger that inaccurate appraisals could easily cause false classification of the individual and result in

the retention of the weaker personnel and a loss of the stronger ones. A further evil of faulty evaluations would be that of giving "merit" salary increases to those who have not earned them and vice versa.

The first step in establishing a method for evaluating personnel would be the selection of a proper unit of work. For example—the following might be considered:

Job	Unit of Work
1. Sorters	Number of pieces of media sorted
2. Unit Operators	Number of pieces of media filed
3. Billers	Number of postings and/or statements billed
4. Post Checkers	Number of accounts handled
5. Mailers	Number of accounts handled
6. Collectors	Number of customer contacts and number of accounts handled
7. Credit Interviewers	Number of customer interviews
8. Bill Adjusters	Number of customer contacts

The selection of the unit may vary with local conditions but in any event it should be chosen only after much study of its value and accuracy as a measure.

Quality control can be established on a regular sampling basis to arrive at an error ratio to total work done and by comparison of the performance of the individuals to arrive at a satisfactory beginning standard, subject to revision as dictated by subsequent experience.

Application of the selected method will then reveal the relative performance of the individuals and permit their ranking. At this point we can see the high, medium, low and

department average figures and determine what should be selected as the minimum acceptable performance standard, which would also be subject to revision with growing experience in the use of figures.

It is important to establish a "fixed" minimum standard, which produces a satisfactory result of the department as a whole, at the outset of the program. Further, frequent and radical changes from the initial standard should be avoided if the people are to believe the standard is a fair measure of their efforts and not simply another way of making them work harder.

We would then be in a position to train and give closer supervision to those individuals in the substandard categories with an excellent chance that they will respond and move upward into the "acceptable standard" group. Those who, after a reasonable time, do not respond, should be ultimately replaced.

Dismissal under such conditions should be considered only after you are certain the individual has been shown the proper way to accomplish the assigned work, and through lack of ability or interest fails to meet the minimum production requirements. Prior to basing dismissal on substandard performance it is desirable that all the personnel clearly understand and accept the standards as a fair measure of their production.

A measuring system with established minimum standards if properly administered, in addition to furnishing knowledge of the individual's production, can and should create a healthy competitive spirit among a group of people within the individual himself by creating the desire to better his past accomplishments. Lack of evidence of such a desire on substandard performers would be a cue to look for (a) latent talents which could be developed or (b) a lack of the basic qualifications for the job.

Progress standards for trainees are worth while if set up to show standards for the first, second and final periods of training, progressively. This method reveals the rate of development of a new person and

ANALYZE HANDWRITING

STOP CREDIT LOSSES

Credit executives use grapho analysis to cut down credit losses. Charles Martin, District Credit Manager for International Harvester, has used grapho analysis for years. Mr. Matheson, lumber company executive, selects his help by analyzing handwriting. Free lesson, full details sent without obligation. State your age on personal or company letterhead. All replies personal.

IGAS, Inc., Dept. 1008, 2307 National Station
Springfield, Missouri



gives a strong clue, in the early stages of training, as to what we can ultimately expect of him. It will point up weaknesses and strengths and permit early corrective action.

For example, let us say we have set a minimum production standard of 1,800 units per day we might find, from experience, that our proven producers have developed as follows:

First training period	800 units per day
Second training period	1200 units per day
Third training period	1800 units per day

By using such a yardstick for progress during the training period, we would have a clue as to the new employee's potential by the end of the first period, and by the end of the second training period we should be in a position to determine to a close degree whether she will, at the end of the final stage of training, be capable of the minimum production requirements; and if not, what can be done to insure her every opportunity to meet the standard within the allotted time.

Trainee progress figures can also be valuable in planning seasonal help requirements for peak periods, principally at Christmas, because it permits the department manager to

schedule his build-up of extras intelligently. Premature build-ups can be avoided and yet adequate training time be provided.

By religiously following a well-selected measuring program we should be able to upgrade the performance of all of our people. Minimum acceptable standards should be continually viewed with a critical eye and revised upwards as we observe improvement.

Review of Standards

It is important that system changes within the department are quickly followed by a review of the standards which may be affected by the change. Such practice helps assure the personnel of our interest in the accuracy of the standards and our intent to evaluate each person fairly at all times. Any such system tends to fall apart through failure to re-appraise standards after systems change.

The benefits of any application of the foregoing would be commensurate with the thought and care put into its conception and to the devotion with which it is administered. At any rate the objective of being able to properly evaluate and improve the individual and to upgrade his true worth to the organization are not only desirable but essential to all of us.

It should be pointed out that the ability to appraise and improve the individual is not in itself the complete solution of the expense problem. Proper planning and budgeting of people is also required. It is entirely possible that we could find ourselves overstaffed at certain periods of the year, a condition which might possibly be corrected by the use of extras and on-call or short-hour personnel. One way to avoid this evil is the reduction of basic or full-time regulars to a minimum, arrived at by applying the highest production rate for the corresponding season of the previous year to the period in which the lowest workload is being planned for the new season. This application would determine the "basic staff." For all periods of heavier workloads during the season being planned, the excess would be covered by seasonals, on-calls or part-time people.

In planning extras for the Christmas peak, great advantages can be obtained by employing the seasonals on a four-day basis with the understanding that they would be available for the fifth and sixth days if necessary. Using this approach we would have a flexible staff which could be increased or cut within reasonable limits, thereby avoiding either overstaffing on one hand and overtime pay on the other. ***

Registration Blank

44th ANNUAL INTERNATIONAL CONSUMER CREDIT CONFERENCE

Los Angeles, California—July 13-16, 1958

Delegate Registration, \$25.00

Guest Registration, \$15.00

(For wives, children, members of delegates' families and personnel of businesses or professions having one or more full delegate registrations.)

Check Type of Membership

- ☐ ACBoFA
☐ CWBC of NA
☐ N.R.C.A.
☐ I will attend CWBC of NA Breakfast, Sunday, July 13, 1958—7:30 a.m.

Name
 Firm
 Street Address
 City and State
 Will attend sessions of Group
 Will arrive

(Cost Included in Registration Fee.)

Mail Registration Blank with check attached payable to:

INTERNATIONAL CONSUMER CREDIT CONFERENCE COMMITTEE
 c/o National Retail Credit Association
 375 Jackson Avenue, St. Louis 5, Missouri

Admittance to All Meetings Will Be by Badge Only

Mail

This

Blank

In

Today!

The Credit Division's Responsibility Through Credit Sales Promotion

CARROLL D. WHISLER

Credit Manager, Mabley and Carew, Cincinnati, Ohio

MANY WEEKS and sometimes months of planning precedes the buyer's trip to the market to place orders for merchandise to be delivered months later. Advertising is planned, window displays must be well conceived and co-ordinated, merchandise marked and finally it finds its place in each selling division. Management has invested heavily in talent, merchandise, advertising and display, yet has not realized any return on their investment, nor will they until the merchandise passes into the consumer's hands.

The responsibility for moving this merchandise to the consumer is not solely the responsibility of the buyer, merchandiser, or the publicity department, but the responsibility of every single employee, whether he be directly in sales, or service division, which is sales supporting. Our continual efforts in the sales supporting units can be rewarding as a vital contribution to total sales and net profit.

Since approximately 70 per cent of total retail sales today are sold on one form of credit or another, the credit function takes on an importance of great magnitude since it holds and controls the greatest asset on the financial statement. Since this valuable asset is the serious responsibility of the credit division, some consideration must be given to its protection, yet with a completely open mind to adding additional profitable sales. Without sales a service division would not exist, so the credit function must be subservient to the merchandise division, yet it can be a powerful aid to that division, through its own efforts to be constantly on the alert for new concepts in credit selling and the timely efforts to put new accounts on the books that will be profitable.

The credit division has a definite responsibility to management to share in the effort to increase sales through credit selling. Competition must be met merchandisewise, and it behooves the credit division to meet competition creditwise. Competition in credit is not meant to outdo our competition in credit terms, for this would be deplorable, but to make sure our credit plans

are adequate for the position we occupy in the community and to best serve the needs of our clientele. If our plans are adequate the credit division can be a powerful asset in supporting the merchandise division.

Since customers are constantly being lost by reason of death, removal from the community, marriage, economic stress, and unfortunately for "no known reason," it is always vitally important to replace those accounts with new customers. A certain number flow through the credit office without any effort on our part, but this is not enough. New customers must be solicited and invited to use our credit services. Credit accounts can be opened by solicitation, by various means, and the one most profitable and most adaptable to our firm should be employed. Whether accounts are solicited from a list of names, by telephone, door to door, or by other means, it requires some serious thought. Accounts opened just for the sake of opening accounts may not be profitable. The account is a dead expense if it is never used, so a well conceived plan is necessary to assure the success of any program. Foremost in this planning is the timing of the campaign. The timing may depend on an event you are planning storewide, it may be a branch store opening, it may be economic conditions, or a combination of these. The timing of your effort is the basis of any solicitation if you expect good results, and good results can only mean a satisfactory usage, satisfactory average sale, and good cost ratio to sales from the money spent to put those accounts on the books. In arriving at a cost figure, careful records should be maintained of personnel time, all supplies, credit reports, etc., so the actual cost is a factual figure, and not a wild estimate. Management has a right to know how the promotional credit dollar is spent, and what the returns are. The opening of an account is not the end of the campaign by any means, as many will not have used the account at the end of 30, 60, or 90 days, and additional effort must be made to activate these accounts if your original investment is to be

protected. Follow-up letters must be sent to these customers or possibly promotional pieces of mail, or telephone calls to remind them that the account is opened, and it has not been used. Perhaps they forgot it has been opened, or perhaps they failed to receive notification of acceptance, whatever the reason, the follow-up will activate a certain per cent of the remaining accounts, and of course, there will be some accounts that will never be used.

Credit advertising is desirable in connection with some merchandise ads, credit terms should be made known so that the prospective buyer need not be embarrassed to inquire of the salesperson as to how she may purchase the article. Salespeople should be well informed of credit plans, so the customer is well advised and a satisfactory sale is consummated, both for the customer and the store.

Many sales can be traded up if

Before you **WRITE-OFF**

any account as an



UNCOLLECTABLE BAD DEBT

Write For Free Samples

of the tried and proven successful

QUICK-ACTION
"COLLECTION CHECKS"

THE NEW TRIPLE-STRENGTH PLAN

Personalized For Your Business

If you want your customers to pay up their past-due balances and still be your customers — our "1-2-3" Quick-Action Collection Check plan will do the job quicker and more completely than anything you've ever tried. This is not a high-pressure, scare-them-into-paying plan. It's a friendly, attention-compelling novel approach that gets RESULTS. For as little as 2c per customer, you can put this Quick-Action Collection Check plan to work for you. Write today for details.

MANUFACTURED AND SOLD EXCLUSIVELY BY
U.S. TAG & TICKET CO.

Designers of "What's New" in Business Forms
Dept. CW—2217-21 ROBB ST., Baltimore 18, Md.

the different plans are thoroughly understood by sales personnel and the sale could be the difference between a \$69.50 item and one for \$139.50. The purchaser usually gives a cue if the price or payment is the block in the sale, so a suggested payment plan can be made without embarrassment. However, incorrect information can be dangerous and should not be made by the salesperson, unless the plan is correctly understood.

Solicitation of inactive accounts can be profitable, again if the time is right. The degree of response from solicitation is difficult to measure, but we can be sure the customer likes to be remembered, however, this does not necessarily bring sales, and as stated before, our promotional dollar must yield a return if we are to justify the expenditure.

We may solicit 20,000 accounts prior to the Christmas season, and the result will be entirely different than the same effort made in January and February. Normally, many more accounts are activated during the Christmas season than at any other time of the year, so to measure the results of the solicitation is difficult, but we may be sure a certain per cent of these accounts were stimulated because of our message to them.

Names of newcomers are available through the local credit bureau and also through private agencies. When the credit bureau receives the name of a newcomer, a letter of welcome is sent to the individual along with an application for their convenience, to expedite the matter of establishing accounts in the local stores. When the application is returned the credit bureau proceeds to have the applicant's credit rec-

ord forwarded to Cincinnati where it is placed in the permanent file. Firms who subscribe to the newcomer service receive a complete report as to their pay habit, business connection, approximate income and any other information that is of value in appraising credit. After the report is received by the subscribing member the account is opened and again a letter of welcome goes out from the store advising the customer that an account has been opened, and a Chargaplate is sent to her. The customer's first visit to our store is most important and if her experience is satisfactory we may expect her to return as a regular customer, but if the experience is not satisfactory she will not return and her account will become inactive and will be in the category "inactive for no known reason." Fortunate are we when the customer makes known her complaint for then we are able to do something about it. Complaining customers can be valuable. The newcomer to our city has a buying potential that can be taken lightly because as we lose accounts we must replace them in a bid for our fair share of business. In an effort to activate these accounts letters are sent out in 30 and 60 days, reminding her that the account has been opened, and that we have not as yet had the pleasure of serving her.

Other newcomer accounts can be had from private agencies such as the New Neighbors League, an organization that calls on newcomers exclusively. This organization represents several sponsors and their charming hostesses call on Mrs. Housewife in person and has a chat with her while she tells her of the sponsors she represents and boosts

Cincinnati as a fine city in which to live and work. She is a well-informed individual and is able to answer questions on where to buy this and that, schools, civic matters, recreation, etc. The hostess is authorized to take an application for an account if the party so desires, and many fine accounts are opened in this manner. In addition to calling on Mrs. Housewife the New Neighbor League has a social club that is active every week at bridge luncheons at the Gibson Hotel. The luncheon gives the newcomer an opportunity to meet other newcomers, and goes a long way in making them feel at home in their new city. Attendance at these meetings gets to be a problem because they are only supposed to belong to this luncheon club for one year at which time it is assumed that they are well adjusted in their new home, but the association is so enjoyable that they continue to attend and sometimes they have more members than they can comfortably handle. The hostesses are frequently called upon at home after they have made their calls to answer questions on 1,001 subjects. They are always ready to help and indeed happy to invite the newcomer to call upon them at any time they can be of service. Style shows are held for this group once or twice a year and are received with great enthusiasm.

Through the efforts of the credit division in soliciting new customers, the follow-up of new accounts to promote activity of these accounts and to be sales minded at all times, we will be fulfilling our obligation to management in utilizing the "tools at hand" to increase net profit through credit sales. ★★★



SHOWN ABOVE, on the left, is the Credit Bureau of Cincinnati and on the right is the Collection Department of the Credit Bureau.

The "Old Order Changeth"

TIM J. GALLIVAN

Vice President, The First National Bank of Cincinnati, Cincinnati, Ohio



IN ANY DYNAMIC economy, such as our own today, changes are constantly occurring. These changes may occur as a result of shifting economic forces or from political contrivance. They may have their origin in the whimsicalities of public taste. Bowing to the reality of constant change, let us consider some major changes in the field of consumer instalment credit over the the past quarter-century.

Perhaps the most far-reaching development in modern instalment credit activity was the introduction of FHA in 1934. Not only did FHA furnish the impetus that made instalment credit a major volume statistic, it has been a veritable Pandora's box of other end-results. FHA put the no-down-payment principle in business in a really big way. It invaded the never-never land of the 36 months term. Its credit insurance feature was the key that opened commercial banking's vault to instalment credit. FHA did more than anything, before or since, to establish substantive toleration of the actuarial concept of mass credit. Our economy has not yet recovered from the impact of FHA and quite likely never will.

Under its politico-economic sponsorship, FHA struggled in its early years for respectability in the banking community but entered World War II still on trial. Banking was sharply divided as to its moral and fiscal *raison d'être*. At war's end, a massive accumulation of consumer demand found in FHA the implement of fulfillment. FHA blazed new credit trails and assailed commonly-held concepts of consumer pay-habits. It blasted the dams of rigid instalment credit formulas and demolished an imposing number of fetishes. Paradoxically, it has failed to maintain the pace it set, ham-

pered as it is by political ties, and is losing ground to its more flexible and more profit-inspired emulators.

When postwar shortages had at last been satisfied and production had once again exceeded compulsive demand, the automobile industry, the largest single contributor to consumer credit volume, bethought itself of FHA and its attractive sales appeals. As the result of production excesses and intense institutional sales rivalries, the motor industry has imposed upon the time-credit granter tremendous pressures to accept quantitative and qualitative credit standards that were unthinkable prior to 1934. Down payments have grown smaller and smaller. The ratio of advance has climbed beyond 100 per cent of dealer's cost. The margin of collateral is non-existent throughout much of the contract term; and the purchaser's equity remains throughout at a veritable minimum (if indeed, at all) above the accumulated depreciation. Lease plans are multiplying as a natural development of the no-down-payment idea, but one wonders if there is any advantage in leasing (at higher cost), in light of the low down-payment requirements on today's conditional sales. Terms have lengthened until yesterday's *absolute limits* have been extended as much as 50 per cent—not just in the "exceptional case"—but in a very substantial percentage of total accounts financed. And this trend could easily spread from its present concentration in the big-volume metropolitan areas to a nationwide acceptance, if the developed experience proves to be not too unsatisfactory.

So much for the *measurable* components of consumer instalment credit. What about the intangible ones—those "pure credit" compo-

nents that permit of the greatest disparity in appraisal, the widest difference of opinion, the greatest diversity in application? These *pure credit factors* are the twins known as "ability-to-pay" and "willingness-to-pay." Here, one credit-granter may insist that he is more clever than the other fellow in credit analysis. He may even be convinced that he has a magical sixth sense with credits. Maybe he has! He can be made to plead guilty to complacency toward such things as paucity of purchaser equities, absence of down payments and excessively extended repayment terms. But he counters this indictment with the declaration that his infallible judgment on the consumer's paying ability and habits permits him to go overboard on each and every one of the measurable factors. That philosophy is extremely difficult to combat. But combat it one must, unless one is willing to surrender the market, unconditionally. Not many are willing, so they compete.

No further "refinements" to the measurable factors being possible, this "pure-credit factor area" is where the more naive and the more speculative of credit-granters barricade themselves. Their battle-plan is one of yielding to the thrust, giving here, taking there; hoping to capture more of the opposing forces in mass actions than they surrender of their own in their sallies beyond the barricade. Naturally, greater risks result in larger losses, increased costs of operation and higher rates. In effect, the borrowing public as a whole pays a higher tariff by thus permitting the less worthy to enjoy the boon of liberal credit extension on a broad "actuarial" base. This is a noteworthy but often overlooked result of mass credit extension under the

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National Retail Credit Association

Credit Women's Breakfast Clubs of North America • Associated Credit Bureaus of America

principle of the "calculated risk."

Another important, and no less deplorable, evil inherent in this concept is the inevitable overloading of the less provident John Does in the mass. The exigencies of time-sales financing do not permit the unhurried appraisals of personal credit factors over which it is our privilege to ruminate in direct lending. Frequently the improvident debtor is already committed for far more than he can pay out of his supernumerary income. Under conditions of dealer recourse, this evil is minimized simply because the dealer has something of his own at stake and takes the precaution of ferreting out the facts before signing his name under a warranty. On a non-recourse basis, the opposite is true; the less unfavorable credit data may be ignored, concealed, or "colored" sufficiently to pass the not-too-critical analysis customarily made of the offerings of large volume dealers.

For several years now—at least since 1955—the used car has surpassed the new car as "prime" collateral. No longer is the new car repossession a rarity. Indeed, new car repossessions now exceed those of used cars by a big margin. The terms, percentage of advance, and

purchaser equities in used car transactions are more "bankable" than in new ones; losses on used repossessions are far less than on new; and finance yields are greater, too. The used car is not the "patsy" it once was considered. On the contrary, it now "sweetens" the new-car dealer's over-all portfolio of discounted paper.

A Controlled Economy

Is the new order here to stay? Much depends upon our perpetuation of a controlled economy, a paternalistic government, a "welfare state"—and their pyramiding effects upon an already too-reckless American disregard for the costs of creature comforts and personal conveniences. One might easily be persuaded that these will be our companions in perpetuity, along with other of Pandora's surprises; that they and their strange offspring will be around to intrigue us until the next national emergency is decreed. In such event, qualitative controls would reinstitute the timid lender's delight—the self-liquidating, guaranteed loss-free loan.

But supposing no national emergency is declared? What then can we expect? Retributive forces are at work. The excessive terms and

slight equities in the 1955-and-subsequent automobile crops are making trades difficult to close this year; there is precious little net trading equity in those trade-ins. When medicine fails to relieve pain and is bitter to boot, it is disheartening enough to the patient; when it also bids fair to poison him, he does not have to be urged to pour it down the drain. Dealers now reflect ruefully on the larger down payments and shorter terms they might have demanded; or of the lower priced units they might better have delivered. As a consequence, credit "reform" in this most important of all segments of consumer credit, could well originate with the dealer (barring outside influence) where the credit deviations originated. Or the experience might prove sufficiently poor to the credit granters to bring corrective measures from that source. So far, results are inconclusive. If today's instalment credit terms stand up successfully against the test of time, we will indeed have to revise the textbooks and settle down to a new order of things in consumer credit. Tennyson qualified as more than a poet when he wrote, "The old order changeth, yielding place to new." ★★★

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The Credit Bureau of Cincinnati

THE CREDIT Bureau of Cincinnati was originally known as the Cincinnati Retail Merchants Credit Bureau Company. It was started in 1922 as a division of the Cincinnati Retail Merchants Association. For over 20 years it was under the direction of Lynn Revenaugh, Executive Secretary of the Association and Theodore Kraft.

Following World War II the present management was employed and the services were expanded to attract a community-wide membership in addition to serving the interests of the department and specialty stores. It subsequently developed its own identity by separating from the Retail Merchants Association and adding banks and other institutions to its stockholders.

Bureau Consolidation

In June 1954, the Bureau consolidated its position by purchasing the assets of its largest competitor, the Cincinnati Credit Company, and obtaining the services of its owner, Frank Burroughs, who is now a member of the Bureau staff.

The Cincinnati Credit Company was one of the first credit bureaus in the United States, having been organized in 1884, as the Retail Mercantile Agency, by A. D. Chapman. It largely served the banking and financial interests and its files were added to the files of the Cincinnati Retail Merchants Credit Bureau Company, thereby insuring the membership of a very complete file of some 2,400,000 records on 1,200,000 persons in the shopping area.

During the past ten years the Credit Bureau of Cincinnati has enjoyed a phenomenal growth and has increased its membership from 250 to 1,465 members. It has sponsored and encouraged the Credit Women's Breakfast Club in Cincinnati and has expanded its local unit of the National Retail Credit Association from approximately 50 to 900 members. Its diversified and specialized services, in a large measure, account for its growth. Some of these are:

1. Special services for department stores and specialty stores include an in-file messenger service, study groups and monthly meetings.

2. Night service is offered five nights a week to downtown and sub-

urban shopping centers. The night force is entirely manned by students from Xavier University and the University of Cincinnati who also man the Bureau on Saturdays.

3. The large banks and finance companies are served through a teletype division of 19 machines. A file warning service consisting of repossessions and profit and loss items is included.

4. Special reports and services were arranged for the building and loan and mortgage companies which number over 350 in Cincinnati.

5. A Dental-Medical Payment Plan together with reporting facilities and a pre-collection plan has brought together a substantial portion of the professional group. Monthly meetings and an educational program are included. The program is endorsed and approved by the Cincinnati Dental Society.

6. Approximately 10 years ago a Charge-Plate Division was formed which issues and controls over 250,000 Charge-Plates.

7. A Business Service Division was developed four years ago to hold the interest of some 500 smaller neighborhood members. This is a direct-mail and promotion plan to enable the small merchant to develop a credit business.

8. A personnel reporting division serves members of the tool industry and larger employers as well as the banks and retailers.

9. The facilities of the collection division were also expanded and two types of pre-collection service are offered. One of these services is currently being sold as the Ohio Adjustment Board by Verlin Shinn & Associates.

10. One of the recent groups to enter the Credit Bureau membership is the credit union group.

Usage of the Bureau

The growth in membership has been reflected in the usage of the Bureau, in that in the ten-year period, the number of reports rendered monthly has increased from 5,200 to over 30,000. In the same period of time, the collection division has increased its recovery from an average of \$4,200 to approximately \$28,000 per month.

Within the past year the Credit

Bureau negotiated a \$250,000 lease for a ten-year term and has remodeled, renovated and air-conditioned its quarters which occupy 11,000 sq. ft. of space. Approximately 120 persons are employed in all divisions.

The Credit Bureau of Cincinnati has a solely owned subsidiary in Clermont County known as the Credit Bureau of Clermont County. This county-wide credit bureau offers a complete credit reporting and collecting service to 120 members and maintains a file of 25,000 cards and publishes a credit guide consisting of 20,000 names.

Position in Industry

Just as the city of Cincinnati is proud of being first in a number of things, the Credit Bureau is also proud of its position in the industry. It was the first bureau west of the Alleghenies to use teletypes. A credit guide was published by the old Cincinnati Credit Company in 1898. It was one of the first bureaus to combine its telephone equipment with the file to offer an in-file service. With the assistance of the Cincinnati & Suburban Bell Telephone Company, the Bureau has developed a unique telephone system utilizing distance talkers, thereby eliminating cords and headsets and individual switchboard equipment.

Messenger System

Approximately six years ago it developed the first in-file messenger system and is the only known Bureau to offer a Dental-Medical Payment Plan without recourse to all professional members with every major bank in the community participating. With the assistance of the Credit Bureau of Louisville it was one of the first bureaus to use the McBee system in its collection division and developed a pre-collection system similar to the system now used and sponsored by the Associated Credit Bureaus of America.

The organization consists of 26 stockholders with 13 directors. The Executive Vice-President, Allison P. Koelling, is assisted by a management staff consisting of Frank Burroughs, William Blankemeyer and Joseph Garber who act as division managers. ★★★

Cincinnati, Ohio

Douglas K. Fuller, Cincinnati Chamber of Commerce

CINCINNATI is located in the southwestern corner of Ohio on the Ohio River. It began as a part of the Miami Purchase in the Northwest Territory between the Miami and Little Miami Rivers opposite the Licking River. The settlement was originally called Losantiville, a combination of Latin, Greek and Delaware Indian. The whole meaning was "town opposite the mouth of the Licking River." The first settlers came in 1788. Trouble with the Indians in the Northwest Territory prompted the Federal government to build Fort Washington just outside the boundaries of Losantiville in 1789. In 1790, General Arthur St. Clair, newly appointed governor of the Territory arrived. He laid out Hamilton County, of which Cincinnati is the county seat and named it after Alexander Hamilton. He changed its name from Losantiville to Cincinnati in honor of the famous society of officers in the American Revolution. By the end of 1790 Cincinnati had 40 log houses, a Baptist and Presbyterian church and a school with 30 students. The defeat of the militia by the Indians in 1790 and 1791 nearly caused the abandonment of the settlement, but the importance of Fort Washington kept it alive.

The Sentinel, one of the first newspapers west of the Alleghenies appeared in 1793. Canoe mail service to Pittsburgh began in 1794 and a keelboat packet line to the same city was organized. Cincinnati was incorporated as a town in 1810.

A book by Dr. Daniel Drake, descriptive of the city was translated into German in 1815 and became instrumental in attracting to the city a large number of German immigrants. Perhaps the greatest single factor influencing the city in that era was the Miami Canal. Ground for it was broken in 1825 in Middletown and the project was completed two years later. It was a boon to commerce and a source of power to manufacturers. Industry got another important lift in 1946 with the completion of a rail line between Cincinnati, Columbus and Cleveland. The rush to the "Queen City of the West" was on and between 1840 and 1859, its population soared from 46,000 to 160,000. During the past 100 years Cincinnati has continued to grow in population and industrial and commercial importance despite a succession of crises such

as the Civil War, World War I, the depression of the early 1930's, the great Ohio Valley flood of 1937, World War II and the Korean War.

The Cincinnati metropolitan area is defined by the Bureau of Census as embracing all of Hamilton County as well as the adjoining counties of Kenton and Campbell in Northern Kentucky. Greater Cincinnati ranks 14th among all metropolitan areas of the United States in the value of its manufactures. The decade 1946-1955 witnessed the greatest industrial expansion in the history of the city. During this period, the investment in new industry and the expansion of existing industry was the greatest in the history of the city, and amounted to \$573,000,000.

From barrel bungs to majestic organs, the Queen City produces a variety of commodities known and used the world over. Cincinnati, for many years, has led the world in the manufacture of machine tools, soap, playing cards and electrotypes. It also has ranked high in the production of building materials, cans, coffins, cosmetics, auto parts, foundry products, pianos, organs, chemicals, clothing, food products, machinery, malt and distilled liquors, office furniture, meat packing, mattresses, paper and paper products, printing supplies, radios, television sets, sporting goods, seeds, sheet metal products, shoes, valves, watches, jet engines, plastics and electronic equipment.

Cincinnati often is termed America's "best governed city," an accolade of which it is justifiably proud. Under the new City Charter adopted in 1926, which has since governed the city, a council of nine members is elected for two-year terms. The council selects a city manager who is paid \$30,000 a year and is responsible for the administration of the city's offices. City employees are under Civil Service. According to *LIFE* and *FORTUNE* magazines, this "good government" has been reflected in the most outstanding police department and fire department in any metropolitan city in the United States.

Cincinnati's Metropolitan Master Plan prepared in 1948 at a cost of more than \$250,000 provides a coordinating guide for the city's development including a plan for a 25-mile system of expressways. Plan's ultimate completion is programed on an annual schedule by five-year

stages as a basis for financing the major construction projects of public improvement.

Cincinnati is an important freight and passenger rail center being served by eight trunk-line railroads. All these operate from the \$41,000,000 Cincinnati Union Terminal, generally regarded as one of the finest and most modern in the country. Ninety-nine passenger trains and 188 freight trains are scheduled in and out of Cincinnati daily. The city also holds the distinction of being the only municipality in the world to own a Class 1 railroad, the Cincinnati Southern Railroad.

Cincinnati is a major port on the Ohio River which carries more commerce than any other inland waterway in the world. The port of Cincinnati handles one million tons outbound and approximately seven million tons inbound each year.

Five scheduled airlines operate out of Cincinnati from the Greater Cincinnati Airport in Boone County, Kentucky. There are three daily papers, three television stations and eight radio stations.

Music and the German population have been important factors in Cincinnati's community life. Cincinnati's Symphony Orchestra was established in 1895 and its first Saengerfest was held in 1849. Cincinnati also has an annual summer season of opera with Metropolitan Opera stars. Here are some Cincinnati "Firsts":

- 1793—First settlement on Ohio to publish a newspaper, *The Sentinel* of the Northwest Territory.
- 1803—First city in Ohio to establish a bank.
- 1853—First city to establish a regularly organized and paid fire department.
- 1858—First city to own and operate a municipal university.
- 1868—First city to form an all-professional baseball club.
- 1869—First city to issue an official weather bulletin and the first city to establish a weather bureau.
- 1880—First and still the only city to own a railroad.
- 1894—First city in which a concrete bridge was erected.
- 1903—First city in which a concrete building was erected.
- 1906—First city to establish the system of cooperative education.
- 1911—First city in which anyone received a radio license.
- 1955—First city to have a licensed educational television station in the United States. ★★★

Improving Collections

J. C. GILLILAND

Assistant Vice President, Pullman Trust & Savings Bank, Chicago, Illinois
First Vice President, National Retail Credit Association



IMPROVING your collection results starts with the credit interview. It is your first chance to explain your payment terms. Try to determine that the applicant understands the nature of the account she actually has selected. The variety of accounts some stores offer can be confusing.

The taking of the credit application is the second chance to improve collections. Make certain you have enough information about the customer to permit the credit investigator to do a competent job. How much is "enough" will depend upon the calibre of your customer and the completeness of your credit bureau's records. Personally, for example, I consider the name, address and phone number of a close relative, at a different address than the applicant, to be as important as a credit reference. Out-of-town relatives, particularly, have helped me locate many skips.

If you operate in a state where the statute of limitations gives a written agreement a longer life, have a brief statement of payment terms on your application and get it signed. In Illinois, such a form doubles the statutory limitation period—10 years against 5.

Over the years, I have had experience with good bureaus, poor bureaus, no bureaus, and point systems. Where you can get bureau service, I think it is silly not to use it. No better method of avoiding slow pays and poor collections has yet been found. Weigh your reports in the light of your knowledge of conditions and competition, but do not assume you are so good you can collect when others have not. Here is another suggestion. Whether a "slow pay" is 90 days, 6 months or 12 months past due in your language, report it, also your skips and other derogatories to your credit bureau as a regular routine. Some slow pays get religion in a hurry when they find their credit questioned because of a derogatory record.

Another chance to help collections is when you set up the account.

Send your letter thanking the customer for opening the account and, again, mention the terms of payment. If you are promoting teenager accounts or the customer is opening her first account, your letter should emphasize the value of a prompt payment record. Use a separate letter for these "first timers" if necessary.

Collection Results

Once the account is in use, your actual collection work begins. You should have a definite collection policy and procedure to be followed, in accord with your company's overall public relations policy. The first reminder and notice stages of your follow-up definitely affect final collection results. In 1928, I took 1,000 new accounts for testing. To 500, we sent our usual reminders, starting seven days after first due date and each 15 days thereafter. The other 500 accounts received no notices until 67 days after first due date. From that point on, we speeded up effort on the second group, by dropping some duns in the series, until the same collection effort was applied to both groups at the four month stage and later. Our final loss, on the second group, was 47 per cent greater than that on the control group.

Recently I read an article by the credit manager of a well-known midwestern department store. He was comparing the collection results of employees assigned to specific account sections. One section had no collection coverage for five or six weeks in November and December, 1956. The collection percentage decline for that section was over 74 per cent greater than for the next worst section.

I mention these specific figures because I cannot impress upon you too strongly the importance of prompt and regular collection follow-up. No other collection factor is more important. If you have regular collection personnel, do not divert them to other work and then complain about poor collections. Until

you have transformed receivables into cash, you have filled orders, but you have not made sales regardless of what your balance sheet shows.

"Explain your terms clearly. Fulfill your commitments. Ask for your money when due. Make customers understand that you expect them to fulfill their commitments or logically explain their failure to do so. Act quickly when convinced that customer could, but does not, cooperate. At every stage, be courteous and considerate, and firm when necessary. 'Final measures' are best left to attorneys and agencies, house or otherwise." In these few sentences is the outline for the successful collection policy set up by many major companies. Most good companies try to follow along similar lines, but untrained or poorly supervised employees can stymie the program.

Collection contact with customers is a most sensitive area in public relations. Any employee who is to make such contacts, however minor, must understand your customer relations policies, be properly trained in the procedure involved, and given adequate supervision. Training should be progressive. Do not let the novice handle the advanced collection or pet account. Be sure she knows how to recognize accounts that must be referred. When two or more employees work on collections, give each one the responsibility for results on a definite group of accounts. Keep a record of collection, delinquency and charge off percentages for each group. Most of such records can be a by-product of routine records already being kept. Promote interest and pride in the monthly results—the month's winner may be recognized or rewarded in various ways—the orchid, the circulating plaque, or the cash prize. The main thing is to see that she gets public recognition.

The spacing of your collection follow-up and the kind of notices used will be governed by your policies and conditions. Generally, a 15-day spacing seems to be favored. More

companies are now starting the follow-up 15 days after the first arrearage appears, instead of the 30-day start that used to be common.

The early stage reminders definitely should be impersonal. Some stores prefer statement inserts, some statement stickers and some the self-mailer envelope type. I use all three at different stages. The new line of stickers obtainable from the National Retail Credit Association has proven effective for us. The Association insert about credit bureau affiliation is also very good in the late stages.

Collection Letters

From the 90-day past-due stage on, we use typed form and personal letters when needed, but we prefer the telephone contact. I do not think anyone disputes the statement that Mr. Bell's invention is the most effective tool in the collector's kit. Before discussing its use, however, let me make a few suggestions about collection letters. First, a good form letter, particularly a typed form, will out-pull the average dictated letter. Most dictated letters follow certain patterns, you will find, if you have extra carbon copies made and study them and the construction is often mediocre. After your study, write form letters to cover the repetitive situations. Study every word closely. Make certain your meanings are precise. Keep the copy as short as possible, without being abrupt. Decide where you should place the "punch" paragraph. The sting in a strong first or second paragraph can be reduced by a calm discussion type of following paragraph. In the final paragraph it may get faster action, and possible reaction. Know what you want to make it do. Most of your early stage letters will try to get the debtor to come to your office to arrange a payment plan.

I am against gimmick or tricky letters, even though an occasional one is reported to be an excellent producer. In early stage reminders, an appropriate little illustration of the point being made is not objectionable and may even help results. However, when we get into the letter stage, we should stick to business. You can do so without offense if you remember you are writing to a person whose reactions will most often be similar to what yours would be.

There are two gimmick letters that have proved to be producers of answers from debtors over the years. One is the "Page 2" letter. What seems to be the second page of a

long letter is sent. It may say, for example, "On the basis of the foregoing information, I'm certain you will want to discuss the matter with me. Please come to see me without delay. Sincerely yours."

The other standby for getting a rise out of the silent debtor in the earlier stages is to ask for more than she owes. When complaint is made, you regret the typographical error, but what about the actual past due?

In the old days, we talked about collection appeals such as the Appeal to Pride, Appeal to Shame, Appeal to Self-Interest, Appeal to Fear, etc. I do not hear the phrases anymore, but I do see the motivations used in some letters. Today, the most effective appeal, used in various forms, is what I would term "Protect Your Credit." Most present-day customers know how a poor credit record can hurt them. They also realize that, regardless of threats, you probably won't sue for a \$20.00 balance, but you will give a derogatory report to the bureau or other creditors. The effectiveness of bureaus' pre-collection notices comes from this customer awareness.

Address Changes

The effect of letters warning of action to be taken at the debtor's address is lost when the debtor is not even living at the address you used. It is a safe bet that some of your slow pays are not where you think they are, since first-class mail is forwarded without notice to you. Sometimes an instalment account deliberately will be paid ahead for four or five months. You send no notices. You get back no returned mail. The debtor is long gone elsewhere leaving a cold trail.

There are two simple ways to keep customer addresses up-to-date. One is to send occasional bulk or third-class mail to your list with the so-called "3547" notice printed on the envelope. This notice asks for a report on any address to which the letter is forwarded. The second method is the use of what we termed a PML, or Postmasters' List, in the mail-order business. It is simply a copy of your customer mailing list, preferably with each name on a 3 x 5 card, which you submit to the postmaster of each town involved. The post office indicates on each card the correct address or shows that new address is unknown and returns the list to you. Ask your postmaster about these services and the fees charged.

A final word about collection form

letters. *Test them!* Send one form to a group of accounts. Send a different form to a similar group of accounts. Keep a record of the accounts. Later, check the results. Give the letters credit for results unquestionably produced by them. If in doubt, credit them for results within three days after mailing up to and including two days after follow-up letter is sent. See which of the test letters pulls better. Try to improve it and retest. Sometimes changing a few words or paragraph position will affect results substantially. If you are not too experienced as yet in writing letters, subscribe to N.R.C.A.'s "Better Letter Writing" service and read the Credit Department Letters section of *The CREDIT WORLD* by Leonard Berry. If you are adept at writing good collection letters, do not only read this department but contribute to it as well.

Telephone Techniques

Now, about the telephone as a collection tool, by all means be sure your collectors know what phone services are available and how to use other tools, such as polling lists, criss-cross telephone directories and the store's own listings by address if available. In finance operations, for example, a conference wire arrangement can get the dealer, customer and lender on one line to work out dealer-customer disputes when they cannot get together otherwise. Nearby phones located through polling lists and directories are invaluable for delinquent debtor contacts, address verifications and skip tracing. In skip tracing, the long-distance collect phone call to the debtor in care of an out-of-town relative has helped me on several accounts. Special phone company numbers, through which you can get the address when you have a phone number, are available in some towns.

Telephone collectors should be trained in good telephone manners and techniques. Do not tolerate the store collector with tendencies towards bullying or deriding debtors. They are not successful collectors and they make it harder for others to collect. Also, teach your collectors to determine they are actually speaking to the debtor or someone who is directly connected with the debt before discussing it. Instead of announcing they are calling about that past-due account, have them say, "This is Miss Jones of Blank's Credit Department," and then pause for a moment. Most often, the debtor will start talking about the bill, which is what you want. Without

Letters to the Editor

"We want to thank you and the members of your staff for all the fine assistance that you have given us during the past year; the many fine programs sponsored by your organization that we have been privileged to attend and profited from and many other things that have been of great help to us."—Corinne J. Fulmer, Manager, Credit Bureau of Tuscaloosa, Tuscaloosa, Alabama.

"We look forward to receiving **The CREDIT WORLD** each month as the new ideas and answers to credit problems faced by others in the credit field are certainly of an interesting nature and of educational use to credit executives."—H. A. Bloser, Sarah Coventry, Newark, New Jersey.

"The members of the Sacramento City Council join me in complimenting you on the outstanding edition of **The CREDIT WORLD** for January 1958 in which the State Capital is featured. We feel fortunate to have our city featured in your fine publication and sincerely appreciate this courtesy."—Clarence L. Azevedo, Mayor, City of Sacramento, California.

"Your organization certainly did a fine job of setting up the January **CREDIT WORLD** featuring our city. We were very proud to have been chosen as the dedicated city and for the manner in which the publication was completed certainly is excellent."—R. B. Grimshaw, Assistant Regional Credit Manager, Standard Oil Company of California, Sacramento, California.

"Thank you for sending a copy of *Streamlined Letters* and for the booklets concerning your organization. The book is quite different and it is helping me very much to improve my commercial letters and my English."—Deogracias Paga Andreu, Trinidad 68, Castellon de la Plana (Spain).

"We recently sponsored a Credit School conducted by Sterling S. Speake. He did a wonderful job and all of the remarks have been most favorable and complimentary. Many said they got one new idea which paid for the cost of the course. We were all happy with the results."—John K. Althaus, Manager, The Credit Bureau, Washington, D. C.

fuss or implied threats, a payment plan can be discussed. As a matter of fact, the pause can give you a tip-off as to the debtor's attitude. Those who start talking show they have the debt in mind, which is at least favorable. Those you have to prod into a discussion will probably prove troublesome later. The quicker you bring matters to a conclusion with them, the better.

Of course, all phone contacts should be aimed towards getting settlement. They should be positive. If a promise is being made, have it definite and specific. If it is not kept, do not delay following it up. Again, let the customer know, courteously but firmly, that you expect commitments to be kept.

If necessary to talk to third parties about the debt, keep to the facts. Do not express derogatory opinions. They can backfire, sometimes expensively.

You will make as many phone

contacts during regular hours as possible, but many debtors can only be reached during non-working hours. If necessary, use part-time phone collectors to call these debtors between 6:30 p.m. and 9:00 p.m. or 7:00 a.m. and 8:00 a.m. I am not in favor of telephone calls at 1:00 a.m. Leave those to your collection agency.

In the hard goods business, I often made a telephone call do the job of a "pull" truck collection call. You phone Mrs. Slowpay. Ask her if Blank's truck has reached her home yet. She says, "NO." You explain it is on the way to pick up the stove and you will appreciate her having the driver phone you when he arrives as you have a message for him. By this time, Mrs. Slowpay will often want to talk about keeping the stove. After your discussion about this, tell her you will try to contact your driver at another place to tell him to forget

"When my February **CREDIT WORLD** arrived a nice surprise awaited me with the article on hospital credit operation. Parts of the article by Stephen F. O'Connor are quite well versed. We have rectified some of his problems and no doubt many of our problems could be rectified by his good advice. Thanks for this splendid article."—Alice M. Wiley, Credit Manager, Lima Memorial Hospital, Lima, Ohio.

"Please send me six extra copies of the February **CREDIT WORLD**. I sold a National membership to one hospital on the strength of the article by Stephen F. O'Connor and we have several other hospitals that are prospective members."—Lily F. Person, Plymouth Furs, Minneapolis, Minnesota.

"Thanks for the life membership certificate in the N.R.C.A. which I received recently. I appreciate this very much and look forward to receiving **The CREDIT WORLD** regularly."—John F. Raney, 4917 East 11th Street, Indianapolis, Indiana.

"We recently completed your course in Public Relations in Business conducted by S. H. Womack. Even with a most unusual concentration of obstacles, especially the weather, 92 enthusiastic students remained attentive until the very end. This is an amazing testimonial to the effectiveness of your new course and the outstanding performance of the lecturer. The course has a particular appeal to all credit bureau employees." Charles F. Sheldon, Manager, Philadelphia Credit Bureau, Philadelphia, Pennsylvania.

"We had 124 enrolled in Mr. Womack's course. Never have I seen so much accomplished in so short a time. Our hats are off to the National Retail Credit Association for making this course possible to us."—Louis Vance, Mangel's, Augusta, Georgia.

"Our class in Public Relations in Business closed recently with an enrollment of 69. Mr. Womack presented the class in a most excellent manner and many comments of appreciation were expressed by those in attendance."—A. C. Bittle, Secretary-Manager, Credit Bureau of Knoxville, Knoxville, Tennessee.

the call on Mrs. Slowpay. If you fail to reach him, Mrs. Slowpay is to have him phone you from her home when he arrives there.

These are some policies and specific ideas that have helped collections for me over the years. I have one last recommendation and that is, always retain mastery of the collection contact. Devise and use logical and effective answers to the standard excuses for non-payment. Know the details of the account before contacting debtor. Control your temper. If the debtor is loud, keep lowering your voice. Let the debtor talk. Listen and learn, then reason but do not argue. Most of your customers will respond satisfactorily. For those who do not, use whatever measures are necessary or practical, but proceed in a third party's name, where possible, when the heavy hand is used—keep your company's name out of it. ★★★

Hawaii Calling

MANY inquiries have been received concerning our post-conference tour to Hawaii following the 44th Annual International Consumer Credit Conference to be held at the Hotel Statler, Los Angeles, California, July 13-16, 1958. The announcement appeared on page 22 of the March 1958 CREDIT WORLD, and told something about the history and sights to see in Honolulu. This month we want to give our members some information about the surrounding islands.

While the capital city's position as the Territory's number one tourist attraction probably never will be challenged, the neighbor islands of Maui, Kauai and Hawaii are beginning to regain a gleam of the prominence they held under the old Polynesian civilization. Each has the necessary qualifications to warrant side junkets by our members who come first to Waikiki.

Growth of the neighbor island tourist industry is based on (1) the large increase in number of tourists arriving in Honolulu; (2) increase in sale of "package tours" which include neighbor island itineraries; (3) an increase in hotel space to accommodate more visitors; (4) excellent interisland airline schedules; and (5) vacation lures which equal or excel Oahus'.

"In the past, many vacationists just settled down in one hotel on Waikiki beach," United says. "Today's travelers have more wanderlust. They want to see all they can. Four of every five package tours we sell to Hawaii include visits to one,

two or three of the other islands."

The "Big Island" of Hawaii draws the most visitors. Rich in Polynesian lore, the island with its twin, snow-capped volcanoes of Mauna Loa and Mauna Kea, was the birthplace of King Kamehameha the Great, the landing place of the first missionaries, the population center of the Hawaiians who once numbered 300,000 before the white man's epidemics almost wiped them out. (Today there are about 10,000 pure-blooded Hawaiians left, but the territory's total population has risen above the half-million mark from a low of 56,000 in 1872). Hawaii, whose volcanoes still are active, draws extra thousands of sight-seers when one goes off.

Hilo, second largest city in the Islands, is the focal point of the heartily blooming orchid industry. The Parker Ranch, founded by a seaman who jumped ship in 1815, today covers 300,000 acres, is second only in size to the King Ranch in Texas. The happy-go-lucky paniolas (cowboys) riding the range Hawaiian style are the only way to tell an island ranch from a mainland spread.

The Kona Coast, where Capt. James Cook was killed in 1779, is famed for its Kona coffee industry, boasts the best deep sea fishing in the Islands. Present hotel expansion together with grandiose plans for the future, mark it as a coming tourist center.

Kauai, "the Garden Island" is the center of Menehune lore. Legend says the Menehunes were pixies, who, working only at night, con-

structed wonderful walls and irrigation ditches of cut and fitted lava rock—a type of construction completely foreign to the Hawaiians. Anthropologists now think that the Menehunes were normal sized people who have been reduced by legend to dwarfs because the magnificent Polynesian warrior people were so much bigger. Those first Islanders, large or small, are said to have made their last stand against the invaders on Kauai, an island which still abounds in the remains of their handiwork.

Kauai's alii, or chiefs, traced their ancestry directly to the chiefs of Tahiti and their women were sought as wives of the alii of the other islands. Because it was hard to sail into the westerly winds to reach the island, Kauai remained an independent kingdom until 1810 when Kaumuali'i, the last king, forestalled an invasion by acknowledging King Kamehameha as his overlord.

Kauai is a sight-seer's dream. Its drawing cards are Waimea Canyon, the "Grand Canyon" of the Pacific; perhaps the most beautiful beaches in the Islands at Hanalei, Luuahai, Lawai, and Poipu; Kalalau Lookout on the rim of a valley wall which drops 4,000 feet to the sea, fern grottoes, lush valleys and beautiful Waimea River on whose eastern bank are the remains of a Russian fort, built in 1815 by an adventurer who hoped to seize the island for his Czar. Visitors who spend more than a day on the island stay in two fine hostleries in Lihue, the principal city.

Waikiki is and should be the first stopping point for all Islands visitors, but those who have the spirit and the curiosity to see the neighbor islands will be rewarded with an insight into what Hawaii was and what Hawaii is, a perspective denied to those who bask in the sun only under Diamond Head.

Why not plan right now to take one of the four tours available to us? Because of the heavy tourist traffic during the summer months, we urge that you make your commitments as quickly as possible. The tours will start on July 17—the day following the conference. For a descriptive folder and all details write to Don Feather, Cartan Travel Service, 108 North State Street, Chicago 2, Illinois.



AIRLINERS fly past Diamond Head before landing at Honolulu Airport. The landmark overlooks Honolulu, the largest city in the Hawaiian Islands.

Monthly CREDIT STATISTICS



CONSUMER CREDIT, BY MAJOR PARTS

[Estimated amounts of short- and intermediate-term credit outstanding, in millions of dollars]

End of year or month	Total	Instalment credit					Noninstalment credit			
		Total	Automobile paper ¹	Other consumer goods paper ¹	Repair and modernization loans ²	Personal loans	Total	Single-payment loans	Charge accounts	Service credit
1939.....	7,222	4,503	1,497	1,620	298	1,088	2,719	787	1,414	518
1941.....	9,172	6,085	2,458	1,929	376	1,322	3,087	845	1,645	597
1945.....	5,665	2,462	455	816	182	1,009	3,203	746	1,612	845
1949.....	17,305	11,590	4,555	3,706	898	2,431	5,715	1,532	2,795	1,388
1950.....	21,395	14,703	6,074	4,799	1,016	2,814	6,692	1,821	3,291	1,580
1951.....	22,617	15,294	5,972	4,880	1,085	3,357	7,323	1,934	3,605	1,784
1952.....	27,401	19,403	7,733	6,174	1,385	4,111	7,998	2,120	4,011	1,867
1953.....	31,243	23,005	9,835	6,779	1,610	4,781	8,233	2,187	4,124	1,927
1954.....	32,292	23,568	9,809	6,751	1,616	5,392	8,724	2,408	4,308	2,008
1955.....	38,648	29,020	13,468	7,626	1,670	6,256	9,628	2,992	4,544	2,092
1956.....	41,863	31,552	14,436	8,139	1,793	7,184	10,311	3,421	4,702	2,188
1957.....	44,798	34,127	15,496	8,709	1,984	7,938	10,671	3,502	4,760	2,409
1957-Jan.....	41,138	31,568	14,410	8,305	1,872	6,981	9,570	3,199	4,111	2,260
Feb.....	40,738	31,488	14,432	8,160	1,859	7,037	9,250	3,273	3,690	2,287
Mar.....	40,735	31,524	14,528	8,043	1,854	7,097	9,211	3,370	3,534	2,307
Apr.....	41,247	31,786	14,691	8,017	1,862	7,216	9,461	3,374	3,735	2,352
May.....	41,937	32,158	14,883	8,081	1,886	7,308	9,779	3,582	3,834	2,363
June.....	42,491	32,608	15,127	8,165	1,905	7,411	9,883	3,530	3,948	2,405
July.....	42,592	32,968	15,329	8,189	1,921	7,529	9,624	3,406	3,810	2,408
Aug.....	43,133	33,303	15,490	8,229	1,954	7,630	9,830	3,458	3,957	2,415
Sept.....	43,270	33,415	15,556	8,228	1,969	7,662	9,855	3,493	3,942	2,420
Oct.....	43,274	33,504	15,579	8,236	1,988	7,701	9,770	3,405	3,991	2,374
Nov.....	43,530	33,596	15,542	8,300	1,996	7,758	9,934	3,458	4,135	2,341
Dec.....	44,798	34,127	15,496	8,709	1,984	7,938	10,671	3,502	4,760	2,409

¹ Represents all consumer instalment credit extended for the purpose of purchasing automobiles and other consumer goods, whether held by retail outlets or financial institutions. Includes credit on purchases by individuals of automobiles or other consumer goods that may be used in part for business.

² Represents repair and modernization loans held by financial institutions; holdings of retail outlets are included in other consumer goods paper.

NOTE.—Monthly figures for the period December 1939 through 1947 and a general description of the series are shown on pp. 336-354 of the BULLETIN for April 1953. Revised monthly figures for the period January 1948-August 1956, together with a description of the revision, are shown on pp. 1031-1042 of the BULLETIN for October 1956. A detailed description of the methods used to derive the estimates may be obtained from Division of Research and Statistics.

INSTALMENT CREDIT, BY HOLDER

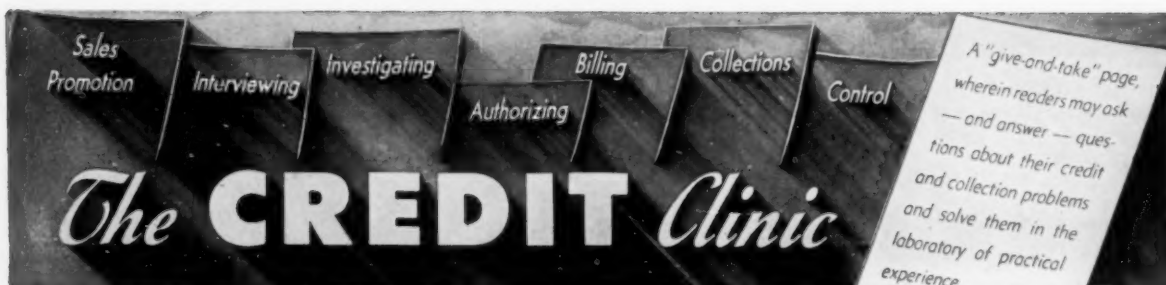
[Estimated amounts outstanding, in millions of dollars]

End of year or month	Total instalment credit	Financial institutions						Retail outlets					
		Total	Commercial banks	Sales finance companies	Credit unions	Consumer finance companies ¹	Other ¹	Total	Department stores ²	Furniture stores	Household appliance stores	Automobile dealers ²	Other
1939.....	4,503	3,065	1,079	1,197	132	.....	657	1,438	354	439	183	123	339
1941.....	6,085	4,480	1,726	1,797	138	.....	759	1,605	320	496	206	188	395
1945.....	2,462	1,776	745	300	102	.....	629	686	131	240	17	28	270
1949.....	11,590	9,257	4,439	2,944	438	.....	1,436	2,333	596	740	178	236	583
1950.....	14,703	11,805	5,798	3,711	590	1,286	420	2,898	746	827	267	287	771
1951.....	15,294	12,124	5,771	3,654	635	1,555	509	3,170	924	810	243	290	903
1952.....	19,403	15,581	7,524	4,711	837	1,866	643	3,822	1,107	943	301	389	1,082
1953.....	23,005	18,963	8,998	5,927	1,124	2,137	777	4,042	1,064	1,004	377	527	1,070
1954.....	23,568	19,450	8,796	6,144	1,342	2,257	911	4,118	1,242	984	377	463	1,052
1955.....	29,020	24,441	10,601	8,443	1,680	2,656	1,061	4,579	1,511	1,052	381	535	1,100
1956.....	31,552	27,038	11,682	9,100	2,048	3,049	1,159	4,514	1,407	1,020	378	572	1,137
1957.....	34,127	29,375	12,714	9,573	2,472	3,332	1,284	4,752	1,415	1,146	374	529	1,288
1957-Jan.....	31,568	26,974	11,638	9,077	2,011	3,048	1,200	4,594	1,387	1,139	364	499	1,205
Feb.....	31,488	27,008	11,662	9,035	2,039	3,058	1,214	4,480	1,351	1,115	362	499	1,153
Mar.....	31,524	27,148	11,736	9,048	2,076	3,063	1,225	4,376	1,304	1,090	356	501	1,125
Apr.....	31,786	27,544	11,981	9,104	2,127	3,105	1,227	4,242	1,176	1,075	354	505	1,132
May.....	32,158	27,864	12,143	9,176	2,167	3,123	1,255	4,294	1,229	1,077	355	510	1,123
June.....	32,608	28,263	12,323	9,300	2,227	3,155	1,258	4,345	1,249	1,077	359	518	1,142
July.....	32,968	28,726	12,508	9,476	2,284	3,209	1,249	4,242	1,144	1,072	361	525	1,140
Aug.....	33,303	29,014	12,607	9,565	2,344	3,234	1,264	4,289	1,161	1,083	360	530	1,155
Sept.....	33,415	29,128	12,656	9,598	2,377	3,231	1,266	4,287	1,167	1,077	363	533	1,147
Oct.....	33,504	29,241	12,749	9,585	2,415	3,229	1,263	4,263	1,134	1,080	365	533	1,151
Nov.....	33,596	29,239	12,717	9,564	2,439	3,248	1,271	4,357	1,199	1,092	365	531	1,170
Dec.....	34,127	29,375	12,714	9,573	2,472	3,332	1,284	4,752	1,415	1,146	374	529	1,288

¹ Consumer finance companies included with "other" financial institutions until September 1950.

² Includes mail-order houses.

² Represents automobile paper only; other instalment credit held by automobile dealers is included with "other" retail outlets.



Petroleum

QUESTION

"In working percentages on age analysis do the panel members compare the 30-, 60-, 90-day totals to the total of the three which is the total past-due figure, or do they compare them to the total accounts receivable control figure which includes current items?"

ANSWERS

T. J. Fahay, Credit Manager, Union Oil Company of California, San Francisco, California: We compared our 30-, 60-, 90-day totals to the total outstanding receivables which figure, of course, includes the current items. We used the system that is used by the American Petroleum Credit Association. A sample of the breakdown of receivables at the end of June: June 100,000, May 10,000, April 3,000, March and prior 7,000, Total 120,000. Current portion is the June item of \$100,000 which is 83.3 per cent of the total.

J. D. Hartup, Regional Credit Manager, Standard Oil Company of California, Spokane, Washington: It is the practice of our Company to determine currency of our receivables by relating current receivables to total accounts receivable. Emphasis is placed on currency of receivables—a positive approach—rather than on the amount or percentage of money that is past due.

H. L. Miller, Assistant Retail Credit Manager, The Pure Oil Company, Chicago, Illinois: Several years ago the American Petroleum Credit Association established a formula for percentage compilation which is followed by our Company. To ascertain percentage delinquency or currency, divide total receivables into current month's balance to establish overdue or current percentage. Because the over-90-days balance represents high loss potential in the petroleum industry, the same formula is used. Following is an example of breakdown of receivables for the month of December: Total \$120,000, December \$100,000, November \$10,000, October \$3,000, September and prior \$7,000. The percentage current of this example is 83.3 per cent with overdue 16.7 per cent; and over-90-days percentage would be 5.8 per cent. With the present economic trends pointing-up increased delinquency in our over-all receivables picture, our credit controls are being tightened and collection follow-up of past-due accounts has been accelerated.

Jack Terry, Credit Manager, Independent Gasoline and Oil Company of Rochester, Rochester, New York: We compare the 30-, 60-, 90-day totals on our age analysis to the total accounts receivable control figure—the difference, of course, being our current collection percentage figure, a most important figure indeed. It is important to note further that these percentages are important to the user only when they are compiled each

month and compared to the previous month's percentages to show trends in collection progress. Then too, they should be compared to figures that are average or typical for the "trade" to see how a particular business is progressing collectionwise. Today, more than ever before, credit sales managers should be conscious of their collection percentages and try as diligently as they can to hold the past-due balances as low as possible.

Ben Thomas, Socony-Mobil Oil Company, St. Louis, Missouri: 30-, 60-, 90-day per cent should always be compared to the total account receivables. The purpose of the analysis is to determine what portion of your total outstanding is past due and to what extent. The percentage should be compared to the previous period if "aging" is done in a monthly or quarterly basis and always compared to the same period of the previous year to determine the trend.

R. W. Weiler, Assistant Treasurer, The Texas Company, New York, New York: The more information that is readily available, the better accounts receivable balances can be analyzed. Limitations are necessarily placed on the information available because of the cost of securing such data. We are installing a new accounting system for the handling of our credit card accounts and through the use of this system, we will be in a position to get information regarding amounts past due in the 30-, 60-, 90-day classification. The relationship of amounts in these age brackets to the total outstanding will be helpful to us in our handling of our many thousands of accounts.

Department, Apparel and Shoe Stores

QUESTION

"What is the best way to handle the problem of extending credit to a person having taken bankruptcy?"

ANSWERS

Dean Ashby, Credit Sales Manager, The Fair, Fort Worth, Texas: After much consideration, I am convinced that the person making application should have taken care of all indebtedness of a personal nature listed in his bankruptcy claim. Then, his application for credit should be given consideration on the basis of his present circumstances, justifying credit accordingly.

B. C. DeLoach, Credit Manager, Lovemen, Joseph and Loeb, Birmingham, Alabama: We will not extend credit to a bankrupt person who included retail accounts in his petition as long as those accounts remain unpaid, although it might have been ten or fifteen years since the petition was filed. An individual that was operating a business and was forced into bankruptcy and who

might have obtained a good job, we would under these circumstances consider extending a small line of credit to enable him to rebuild his credit standing. Should an individual take bankruptcy against a judgment filed against him as a result of a damage suit, we would sell him if his paying record has been prompt during the past several years.

M. A. Lelen, Credit Manager, Brown-Dunklin Company, Tulsa, Oklahoma: Our recommendation would be not to extend credit to bankrupts. Of course, there are always extenuating circumstances. Each bankruptcy case would need to be personally examined and if it were proved that the filing were necessary and the applicant were worthy of credit, it would be up to the credit manager to make this decision. But, in most cases, it would seem to be advisable to keep the applicant out of debt until the accounts included in bankruptcy had been discharged.

Charles C. Manning, Secretary and Credit Manager, The Paul H. Rose Corporation, Norfolk, Virginia: Recently an outstanding credit executive stated that he would not grant credit to any person who had taken bankruptcy until all the debts had been paid. I do not subscribe to this thought. We frequently grant credit to people who have taken bankruptcy, however, we investigate and find the reason why he did so and whether or not there were extenuating circumstances involved. I know of a bankrupt, who owned a small business, whose wife developed cancer and he had a large hospital bill. At the same time his son had been in a serious auto accident and, as is frequently the case, his car was not covered by liability insurance, therefore, the father was forced to pay this expense also. The result was that he was forced into bankruptcy. This is an extenuating case and we granted this man credit and his account has always been paid in a satisfactory manner. An applicant who has taken bankruptcy and who later applies for credit requires a more thorough investigation than other applicants. If all persons who have taken bankruptcy were declined further credit, we would lose a great deal of business, as this has definitely been our experience if we had turned down those who had taken bankruptcy. It is important to analyze the kind of bankruptcy which, of course, can be determined through court records. Many of us remember a serious depression some years ago when many people took bankruptcy not by choice but by unemployment and conditions over which they had no control. Such a bankruptcy as this is not a reflection on a man's character but rather that he is a victim of circumstances. Credit is primarily based on character and the fact that at some time during a person's life he meets conditions which it is impossible for him to face and as a result seeks relief through bankruptcy court does not mean that his character is questionable and that his willingness to pay is not present. We sometimes run across applicants who have taken bankruptcy two or three times and we definitely will not grant further credit because some people obtain all the credit they can with the intention of getting relief through bankrupt courts at the proper interval between bankruptcies. We do not consider this a good moral risk and we do not grant credit.

L. S. Somers, Director of Accounts, McCurdy & Company, Rochester, New York: For a number of years, most of our major stores have been operating on a policy that a retail store obligation is never discharged through bankruptcy. We all realize that legally the debt is discharged through bankruptcy. However, we have all felt that morally the customer should pay a retail store obli-

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gation before further credit is extended. This policy has been in effect a number of years and I see no reason for changing it. It is possible that in some communities such unity of thought would not always exist. In this case, we believe the individual seeking credit should be interviewed by a person in authority in the credit department to ascertain the true intention of the individual. That is, whether they honestly wish to reestablish their credit or whether in another six years they will go through bankruptcy again.

Newspapers and Publishers

QUESTION

"How much consideration should a bank reference have in the extension of credit and would that alone be sufficient to open an account?"

ANSWERS

A. W. Blieszner, Credit Manager, The Pittsburgh Press, Pittsburgh, Pennsylvania: Our experience has proved that the average bank reference has little or no value in the extension of credit. Generally speaking it does not reflect the paying habits of a customer and rarely helps to establish his financial condition. The only practical use it has is that it could be another source from which the new address of a "skip" might be obtained.

H. E. Hull, Credit Manager, The Detroit News, Detroit, Michigan: The importance of a bank reference varies greatly with the nature of the information given on the account. If the applicant for credit has maintained a satisfactory bank account with the same institution for

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a number of years and his handling of it has been satisfactory, that fact certainly should be given consideration. If the bank reports an account recently opened with small balances, it means little to the firm considering the extension of credit. I have known of many instances where money has been borrowed and placed on deposit solely for the purpose of using the depository as a reference. After the account has served its purpose the money is withdrawn. A bank reference, alone, could rarely be considered sufficient to justify the opening of an account. Credit reports, from the proper mercantile agencies, should be drawn to learn something of the character of the individuals with whom you propose to do business. Many times, the possessor of a modest bank account with a prompt payment history is a better risk than the possessor of a larger account who may have acquired it through questionable operations in the past.

A. R. Peterman, Credit Manager, Cleveland Plain Dealer, Cleveland, Ohio: We would give the above reference some consideration, but would also insist on trade experience and more credit information from other creditors such as how long sold, and what terms. After all, a bank account is here today, and gone tomorrow.

George C. Robinson, Manager, Credit Bureau of Richmond, Richmond, Virginia: Banks are imposed upon entirely too much, as seldom are they advised of the type of account or what branch the customer has an account. The customer should be required to furnish this information when requesting credit, if bank references are to be used. Bank references, as a rule, mean little, if anything, for the information given by them such as a two, three or four figure account means little and can

change on short notice, which can be very misleading. As one interested in credits, as well as collections, I would prefer to use banks for loan information and home mortgage, and not even consider the type of accounts such as savings or checking accounts. A credit report will furnish enough information without bank references to permit the applicant for credit to be considered. Banks, as a rule, are most cooperative with bureaus. They have a different problem to that of retailers.

Frank A. Schnell, Olean Times Herald Corporation, Olean, New York: It all depends on what kind and how much information you are able to get from the bank. Many bankers are cooperative and quite free to give all the material they have gathered and on which they themselves base their extension of credit. On the other hand there may be other bankers who are just as reluctant to say much more than the size of the bank account and then only within sizeable brackets. There may be other bankers who are biased in furnishing any information on their customer especially if they have just obtained a loan from the bank, it being to the advantage of the institution to have a newspaper line of credit granted to their borrower. Then too, we must distinguish between the bank credit and newspaper credit. We feel that we have small accounts on our books and they maintain good paying habits, to whom the bank just would not loan money.

G. W. Sites, Credit Manager, Los Angeles Times, Los Angeles, California: A bank reference can be just as important as any other source of information and much of its value depends upon the care exercised by the person when making the inquiry. A majority of our small accounts are opened solely on the strength of information received from banks. We consider the information invaluable to our purpose and only trained personnel is ever permitted to contact banks. In summarizing a bank report, we endeavor to piece together what might be considered sketchy information and place emphasis in the following order: one, age of account; two, bank experience with accounts; three, name of account; four, average balance; and five, current balance.

Supplies Available from National Office

Age Analysis Blanks	\$ 9.50	Per 1,000
Credit Application Blanks	8.50	
Good Things of Life on Credit (Educational Booklet)	18.00	
Stickers and Inserts	4.00	
Soldiers' and Sailors' Civil Relief Act (Booklet) . . . . .	.75 each	
CREDIT WORLD Binders	3.50 each	
N.R.C.A. Electros . . . . .	.75 each	
N.R.C.A. Membership Signs	1.00 each	
Pay Promptly Advertising Campaign (18 mats)	3.00 each	

* * * * *

NATIONAL RETAIL CREDIT ASSOCIATION
375 JACKSON AVENUE **ST. LOUIS 5, MISSOURI**

The Story of Southern California

THE STORY of Southern California is a tale of seashore, fragrant valleys, desert, and mountains, interwoven with the romance and fun of watercades, Spanish fiestas, blooming flowers, and relaxation beneath the sun.

The 11 counties of Southern California comprise 66,613 square miles of sharply contrasting geological and climatic regions. Yet all of these areas—seashore, mile-high lakes, fertile valleys, glaciers, and desert playgrounds—are within short distances of each other, and are easily accessible by public or private transportation.

Southern California counties, reading from top to bottom, are Santa Barbara, Ventura, Los Angeles, Orange, and San Diego, along the coastline; and, inland, Mono, Inyo, Kern, San Bernardino, Riverside and Imperial.

Recreational Areas

Each of these counties offers special scenic and recreational areas for the enjoyment of our visitors. Historical buildings lie in modern downtown sections. Cities give way to beaches and harbors. Towns are surrounded by waxy-green orange groves. Fertile agriculture regions are in all-year use. Multi-colored mountains surround desert playgrounds. Towns lie across the border from the charm of old Mexico. Sportsmen's paradises lie in scenic splendor.

At the top of the Southern California map, as we look at the coast, is Santa Barbara County. This is an historical and scenic area of flower fields, ranchos, beaches, and missions, all lying against a backdrop of mountains.

In the north are the Santa Maria and Lompoc Valleys, with the "Rainbow Farms." These are 6,000 acres of blooming fields of sweet peas, larkspur, zinnias, and marigolds; the flowers are reaped like wheat and provide 60 per cent of the nation's flower seed. Up the Santa Inez Valley is the Danish settlement of Solvang (Sunny Valley), where visitors find examples of Danish architecture and costumers. The area has several horse and guest ranches.

The town of Santa Barbara itself retains much old world charm. It is a white-walled, red-tiled roof city, bordered by a palm-fringed lagoon.

Mission Santa Barbara, considered one of the most beautiful of the old Spanish outposts, overlooks the town. A Riviera forms a backdrop offering a beautiful panoramic view of the city and sea.

South of Santa Barbara is Montecito, with beautiful seaside estates, and Carpinteria (Spanish for "Carpenter Shop"), which claims one of the safest beaches on the Pacific Coast.

Next on the coast of Southern California is Ventura County, an area of scenic beaches, oil wells in the ocean, and a back country of rolling hills covered with citrus groves and fruit orchards.

The town of Ventura takes its name from the mission, San Buenaventura (Good Fortune), founded in 1782. Foothills rise from the beaches. So luxuriant are the gardens with vivid-red poinsettias (they bloom from November until March in the area), that Ventura is called "The Poinsettia City."

Inland is Santa Paula, lemon center. Also in this fragrant country is Ojai (Spanish for "The Nest"). This is a scenic valley, filled with citrus, apricot, and almond trees, and noted for its tennis courts.

Oxnard, a short distance from the Pacific, is a scenic agricultural region. In spring, mustard grows as high as a man's waist beneath waxy-green citrus trees.

Next, as we go southward, is Los Angeles County, centrally located in Southern California. First, along the coast, is scenic Santa Monica Bay. Here is Malibu Beach, where many film stars maintain seaside homes. Santa Monica, with its interesting Palisades, is the largest town on the bay. Ocean Park, Venice, and Manhattan, Hermosa and Redondo Beaches, are nearby.

Beach Activities

The beaches give way to the Palos Verdes Hills, where one can see spectacular panoramas of Santa Monica and San Pedro Bays. Los Angeles-Long Beach Harbor, south, is a great world port teeming with ships of all nations. Kelp, copra, tar, and other odors fill the air. There are great liners, freighters from far-away places, and fishing boats.

South, Long Beach has miles of wide beach, overlooked by landscaped cliffs. The city is noted for

its Municipal Auditorium, encircled by the huge arc of Rainbow Pier. Signal Hill, a separate municipality surrounded by Long Beach, is a pin-cushion of oil derricks. Offshore is Catalina Island, famed for its flying fish, submarine gardens, and rare bird farm.

The city of Los Angeles itself has its own charm. It has seashore and mountains and fragrant valleys. It is modern and it is also old. Almost within the shadow of the modern civic center is Olvera Street, brick-paved market place of Old Mexico. Nearby is China City, a town of peaked and curved roofs.

Exposition Park

Los Angeles has its Exposition Park, with 15,000 rose bushes. Overlooking the sprawling city is Griffith Park, covered with paths. There are swank stores and shops in downtown Wilshire Center and the Wilshire Miracle Mile. Hollywood, a city within a city, is famed as the movie, television and radio capital of the world. But it is also scenic and cultural. Hollywood Bowl is the scene of the summer Symphonies-Under-the-Stars. In more than 1,000 performances only one concert has been cancelled because of weather.

Beverly Hills is a town of attractive estates, many owned by film personalities. Glendale and Burbank, in the southern section of San Fernando Valley are pleasant residential towns.

South is Pasadena, beneath the mile-high San Gabriel Mountains. This city is the scene of the annual Tournament of Roses, the famed parade of flower-covered floats staged on New Year's Day. Flower shows, with blossoms grown out-of-doors, are held each spring and fall.

Our excellent climate is aptly illustrated at Sierra Madre, nearby. Here a 40,000 square foot wisteria vine blooms each spring, and the Wisteria Festival of Flowers and Art is held beneath the blooms. This world's largest wisteria vine was planted in 1892 from a gallon bucket, and flourished in our dry subtropical climate.

Mile upon mile of waxy-green orange groves stretch over eastern Los Angeles County. Whittier boasts fertile citrus land. The town of Pomona is a citrus center. The groves stretch like a green carpet



ABOVE is a picture of the Los Angeles Conference Committee in charge of arrangements for the 44th Annual International Consumer Credit Conference to be held in that city, July 13-16, 1958. The committee met recently with L. S. Crowder, General Manager-Treasurer of the N.R.C.A. Standing, left to right, are: Ted Lesser, in charge of banquet entertainment; James W. Scott and W. D. Conel, Retail Merchants Credit Association; and Thomas F. Barrett, Sales Manager, Hotel Statler. Seated, left to right, are: L. S. Crowder; B. J. Delsman, General Conference Chairman; and Arthur E. Kaiser, Honorary Life Member of the N.R.C.A.

past the towns of Claremont, Upland, and Glendora.

Next, as we journey south on our coast, is Orange County. As the county's name denotes, much of it is solid green with orange groves—yet it also has pleasant coastal cities. It is the home of Disneyland, at Anaheim. Seal Beach takes its name from the sea lions found nearby. Huntington Beach has, besides its excellent strand, a seaside forest of oil derricks, which pump oil from reservoirs at sea. Newport-Balboa Harbor is a pleasure port of 5,000 vessels, ranging from kid's Snowbirds (a sailboat which takes the place of skates) to the luxury yachts of film stars. Nearby is the art colony of Laguna Beach, with a beautiful seaside park filled with blooming flowers. The seaside town of San Clemente has palisades which offer panoramas of the coastline.

Only a short distance from the coast, in rolling orange grove country, is Mission San Juan Capistrano, famed for its swallows which traditionally return on San Juan's Day, March 23, and leave on St. Joseph's Day, October 23.

The southernmost coastal county is San Diego, a scenic region of sea-shore, mountains, and citrus valleys.

Oceanside, in the north, boasts one of the finest surf-fishing beaches on the Pacific. Just inland is Mission San Luis Rey, another in the chain of old Spanish missions. Farther inland is Mount Palomar, topped with the eight-story dome housing the 200-inch telescope, largest in the world.

Down the coast are the towns of Santa Fe, Carlsbad, and Del Mar, with its summer horse racing. South is La Jolla (translated "The Jewel" and pronounced "Hoya"), a resort of sea-carved coves sheltering fine beaches.

The city of San Diego is built around a 1,400-acre park, Balboa Park of wooded paths, a zoo where animals live in duplicates of natural habitats, and an outdoor theatre. Mission San Diego, near the city, was the first of the old Spanish missions. It was founded in 1769, seven years before the signing of the Declaration of Independence. San Diego is but a few minutes from Old Mexico. U. S. citizens may cross the border at will and visit in Tijuana, with its bazaars.

San Diego Area

The "back country" of San Diego is a land of mountains, lakes, and desert. In winter, vacationers may ski on mountain snows a short distance from the scenic Borrego Desert and its palm-filled canyons. Rolling citrus country surrounds the towns of Escondido, Fallbrook, and Ramona.

Now that we have traveled through the scenic coastal counties, let's examine the inland map of Southern California.

First are Inyo and Mono Counties, famed for their high mountains, 2,000 trout streams and lakes, and desert playground of Death Valley. This Inyo-Mono country is on the eastern slope of the Sierra Nevada range.

This is a land of glaciers: here is Palisade Glacier, a mile and a quarter long and nearly a mile wide. The huge ice mass lies at 14,000 feet elevation. Our Southern California contrasts are illustrated by the fact that palm trees exist, at lower levels, in the same latitude of the glacier.

The Inyo-Mono country is also a skiing mecca—all year. Even in summer, ski fans enjoy the sport on the slope of 11,034-foot Mammoth Mountain. The mountains give way to the fantastic gouge of Death Valley. Perched on the edge of this scenic wasteland, visitors can see, from one spot, both the highest and lowest points in the continental United States. These are Bad Water, 279 feet below sea level, in the valley below, and Mt. Whitney, 14,496 feet above sea level, towering in the distance.

South is Kern County. This fertile region is in the southern portion of the great valley of California. Viewed from the surrounding mountains, this vista of fertile fields surrounding Bakersfield is crisscrossed with crops of potatoes, cotton, and grapes. And here are rich oil fields. Visitors pass a "forest" of derricks more than 10 miles in extent near the town of Taft. The derricks stretch like sentinels over the Kettleman Hills, east of Bakersfield.

Wildflowers in Abundance

In spring, the mountain slopes and uncultivated fields surrounding the fertile valley become fragrant spaces of blue, purple, and orange. So thick are these wildflowers that in good years one may actually wade through the blossoms.

Mountains separate the fertile valley from the desert. In these mountains is the famed Tehachapi Loop, where the railway climbs 3,093 feet in 33 miles. Legend has it that the railway curves so greatly that people in the caboose can shake hands with the engineer.

In the Mojave Desert, lakes, not of water but of crystal white salt, shimmer in the distance. This is mining country. Near the town of Mojave is Soledad Mountain, honey-combed with mines such as the Golden Queen. Rising from the pastel sands is Red Rock Canyon. Nature formed the sandstone so it appears as giant red curtains.

The Mojave Desert continues into San Bernardino County. Here is the dude-ranching country of Victorville and Apple Valley. Nearby is the oasis of Twentynine Palms, gateway to the Joshua Tree National Monument. Even though the weirdly twisted plants with green, oversize

pipe-cleaner-like arms grow six to 20 feet tall, they are not trees, but lilies.

In the pine-covered San Bernardino Mountains are the mile-high Lakes of Arrowhead, Gregory, and Big Bear. Visitors play in the snow there during the winter, and in summer enjoy water sports in the sun. The lakes are reached via the scenic Rim o' the World Drive, a high gear road which takes visitors from sun-splashed orange groves to mountains in a matter of minutes.

Below, the town of San Bernardino is virtually an oasis among miles and miles of waxy-green citrus trees. Every year choice oranges are shaped into railway engines, flowers, and buildings for the National Orange Show, held here in March, each year.

Next, as we journey south on this inland map of Southern California, is Riverside County. This is orange grove, orchard, and scenic desert country. The waxy-green citrus trees sprawl into the town of Riverside. Here is enshrined the first navel orange tree brought to the area. Rising above the orange groves is Mount Rubidoux, where the first Easter sunrise service was held.

The town of Corona is one of the great lemon centers of the world. The lemon groves surrounding the community grow as thick and green as a jungle; they seem to have parted just enough for the road to go through the groves. The towns of

Beaumont and Banning are in scenic San Geronio Pass, formed by two-mile high mountains. Acres of fragrant cherry, peach, and almond trees surround the towns.

The orchards continue in the Hemet and San Jacinto Valleys. Each year approximately 600 townspeople take part in the Ramona Pageant, story of a girl and her Indian lover. The play is presented in a mountain bowl, so acoustically perfect that a whisper can be heard across the vale.

Mt. San Jacinto, 10,805 feet high, separates the green valley from the scenic desert. Lying against the mountains is the oasis resort of Palm Springs. Nearby is Soboba Hot Springs. At these resorts, visitors play or relax in the sun while other sections of the nation are braving blizzards or tropical storms.

Also in the desert is the town of Indio, capital of the "Arabia of America." This is one of the few places outside of the Near East where dates are grown. In the winter, townspeople stage the Riverside County Fair and Date Festival, wearing Arabian costumes against Arabian settings.

At the southern end is Imperial County. This is a topsy-turvy scenic land. Here is the Salton Sea, a queer body of water 250 feet below sea level, twice as salty as the ocean, and approximately 75 miles from the Pacific. The fertility of the area compares with that of the Nile of

Egypt. Crops are harvested when farmlands elsewhere in the nation are blanketed with snow.

Residents of the area stage the California Midwinter Fair, in the town of Imperial, at a time when other farm communities are experiencing blizzards. Townspeople of Niland hold a Tomato Festival in midwinter. Holtville stages the Imperial Valley Carrot Carnival to emphasize the area's claim of "Carrot Capital of the World."

Brawley, in the valley, is the largest below-sea-level town in North America. The town is 115 feet below sea level. Visitors also look UP, instead of down, at sea level in El Centro, 52 feet below sea level. A man-made river, the All-American Canal, cuts through sand dunes, resembling those of the Sahara, carrying water to the fertile farmlands.

At the Mexican border, towns share names and a fiesta. These are CAL-exico, in the United States, and Mexi-CALI, in Old Mexico. Townspeople cross the border at will, and each March join in presenting the Imperial Valley Desert Cavalcade, a pageant of the area's history.

These counties are our Southern California story. Each area presents new contrasts, new experiences. Each county boasts its particular recreational and scenic attractions. Together, these counties tell a story of all-year activity against a backdrop of fiestas, flowers, watercades, and relaxation in the sun. ★★★



FAMOUS HOLLYWOOD FREEWAY—this non-stop highway takes you above the housetops and alongside the upper stories of buildings from downtown Los Angeles to Hollywood and its movie, radio and television studios in about ten minutes. This view is from Hollywood Hills at the north side of glamour town, looking toward Los Angeles.

CREDIT FLASHES

J. H. (Bud) Fisher Retires

Forty-four years spent in wholesale and retail credit work was culminated on January 31, 1958, when J. H. (Bud) Fisher retired as Credit Manager, Meier & Frank Company, Portland, Oregon, completing 25 years' service with that firm. In 1947-1948 he was president of the local credit association and was president of District 10 in 1948-1949. His second term as president followed in 1949-1950, being elevated to National Director in 1952 for a two year term. The directors of the Portland Association of Credit Men entertained Bud and Dorothy Fisher recently at the Aero Club. Appropriate remembrances were presented. The N.R.C.A. wishes him many years of health and happiness in his well deserved retirement.

C.M.D. Meeting in Philadelphia

The 25th Anniversary Conference of the Credit Management Division of the National Retail Merchants Association will be held April 21-24, 1958 at the Bellevue-Stratford Hotel, Philadelphia, Pennsylvania. General Conference Chairman is R. M. Grinager, Credit Manager, J. L. Hudson Company, Detroit, Michigan.

A. J. Kruse Speaks at Billings

A. J. Kruse, retired credit bureau manager of St. Louis, Missouri, was the featured speaker at the re-organizational meeting of the Retail Credit Association of Billings, Billings, Montana, on February 17, 1958. He represented the National Retail Credit Association. Ray Whearty, Vaughn and Ragsdale, was the toastmaster. Also present were: Mrs. Inez Gines, President, Credit Women's Breakfast Club; Mrs. Glen Hammerbeck, Past President, Credit Women's Breakfast Club; and Mervyn Johnson, one of the founders of the Association. Officers elected were: President, Russell Roe, Archie Cochrane Motors; Vice President, Edwin Wismeyer, Elliots; Secretary, Kenneth J. Dugan, Credit Bureau of Billings; and Treasurer, Ray C. Spanier, Security Trust and Savings Bank. Directors: William O. Bollum, D. J. Cole Company; Russell Morin, Carter Oil Company; Mervyn Johnson, Johnson Radio and Sound; and Mrs. James F. Brewer, F. A. Buttrey Company.

Shown in the picture below, seated, left to right, are: Mrs. Glen Hammerbeck, A. J. Kruse, Mrs. Inez Gines, Ray Whearty, and Kenneth Dugan. Standing: Mervyn Johnson and Russell Roe.



Coming District Meetings

District One (Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, Vermont, Provinces of Quebec, New Brunswick, Nova Scotia, and Prince Edward Island, Canada) will hold its annual meeting at the New Ocean House, Swampscott, Massachusetts, May 18, 19, and 20, 1958.

District Three (Florida, Georgia, North Carolina, and South Carolina) and **District Four** (Alabama, Louisiana, Mississippi, and Tennessee) will hold a joint annual meeting at the Andrew Johnson Hotel, Knoxville, Tennessee, April 13, 14, 15, and 16, 1958.

District Six (Iowa, Minnesota, Nebraska, North Dakota, South Dakota, Superior, Wisconsin, and Manitoba, Canada) will hold its annual meeting at the Royal Alexandra Hotel, Winnipeg, Manitoba, Canada, May 4, 5, 6, and 7, 1958.

District Seven (Arkansas, Kansas, Missouri, and Oklahoma) will hold its annual meeting at the Marion Hotel, Little Rock, Arkansas, March 15, 16, and 17, 1958.

District Eight (Texas) will hold its annual meeting in Brownsville, Texas, April 12, 13, 14, and 15, 1958.

District Nine (Colorado, New Mexico, Utah, and Wyoming) will hold its annual meeting at the Hotel Colorado, Glenwood Springs, Colorado, May 16, 17, and 18, 1958.

District Ten (Alaska, Idaho, Montana, Oregon, Washington, Provinces of Alberta, British Columbia, and Saskatchewan, Canada) will hold its annual meeting in Portland, Oregon, May 17, 18, 19, and 20, 1958.

District Eleven (Arizona, California, Nevada, and Hawaii) will hold its annual meeting in conjunction with the 44th Annual International Consumer Credit Conference, Hotel Statler, Los Angeles, California, July 13, 14, 15, and 16, 1958.

Arthur J. Kramer

Arthur J. Kramer, Credit and Collection Manager, Borden's Farm Products Company, New York, New York, died March 3, 1958. He became a director of the Credit Bureau of Greater New York in 1933 and had an unbroken record of service to the Credit Association, Credit Bureau and Adjustment Bureau. He served as president for two terms 1936-1938, was elected Treasurer in 1942, and re-elected each successive year to this office, which he held at the time he passed away. He was a member of the Quarter Century Club of the National Retail Credit Association. His long years of unselfish effort and achieved on behalf of the credit fraternity will live on in those who survive him.

Free Booklet Available

A free booklet entitled "How to Screen Applicants for Office Jobs," is now available. Each request should be on company letterhead and state the official position of the person who is to receive the booklet. Address Howard G. Martin, Martin Publishing Company, Box 481, La Mesa, California. Use your Company's letterhead when requesting the booklet.

Herb Barnes New Secretary District 10

Herbert G. Barnes has assumed the offices of Field Secretary of District 10, N.R.C.A. and Executive Secretary of the Associated Credit Bureaus of the Pacific Northwest. The announcement was made by Charles Buchanan, President of District 10 and Vernon D. Sedlacek, President of ACB of PNW. For many years Mr. Barnes has been prominent in credit activities in the Northwest, particularly in British Columbia. He was with Vancouver Motors for 17 years and then left to operate, for four years, his own automobile agency in Port Alberni, British Columbia. More recently he has been engaged in the field of accountancy in Vancouver. He is a past president of the Vancouver Association and for a number of years he was a director of the Credit Granter's Association of Canada. His offices will be located in Portland, Oregon. He is well qualified for his new position and the N.R.C.A. wishes him the best of luck in his new assignment.

Dr. Frank Parker

Dr. Frank Parker, professor of finance at the Wharton School of Finance and Commerce of the University of Pennsylvania died recently at his home in Philadelphia. He had spent his entire career of 43 years at the Wharton School where he was a specialist in the fields of business cycles, consumer credit, and commercial credit. In July, 1956 he was honored being made the recipient of the Family Finance chair in consumer credit established at the school as the first of its kind in the country, by the Family Finance Corporation, Wilmington, Delaware.

Penney's Appoints S. C. Patterson

S. C. Patterson has been appointed General Credit Manager to head the newly-created credit department for J. C. Penney Company, New York, N. Y. He was formerly general credit manager of Winkelman Brothers, Detroit, Michigan, Neusteter Company, and the May Company, Denver, Colorado, and the Beneficial Loan Company, Newark, New Jersey. The Penney Company, since its founding 56 years ago, has operated on a cash-and-carry basis. Mr. Patterson will be in charge of a credit test which will be made in a small group of the stores later this year.

Register NOW

TURN TO page six of this issue of The CREDIT WORLD, cut out the registration blank for the Los Angeles Conference, fill it in and send it to the National Office NOW. Plan to bring the family too. Send the blank in without further delay.

New Career for B. J. Delsman

B. J. Delsman, Manager of Credit Sales in the Southwest Division of the General Petroleum Corporation, Los Angeles, California resigned January 31, 1958 to accept a career in teaching at U.C.L.A. He will teach young people about the practical functioning of credit as a vital segment of business. He will, however, be connected with the General Petroleum Corporation as an annuitant. Mr. Delsman now becomes an honorary life member of the National Retail Credit Association.

Effective February 1, 1958, A. M. Miller was promoted to succeed Mr. Delsman. Mr. Miller had formerly been Assistant Credit Manager, Wholesale.

Past Presidents Night at Lincoln

A Past Presidents Night was held recently at Lincoln, Nebraska. All past presidents and their wives were introduced by Max Meyer with a brief résumé of the year they were president of the Lincoln Retail Credit Men's Association. Belle Keitges was presented with a Quarter Century Club certificate. The affair was held at the Cornhusker Hotel, February 11, 1958.

Members in the picture below and the year of their presidency, front row, left to right, are: Mr. and Mrs. Donald K. Boldt, 1956, Mr. and Mrs. Max Meyer, 1953, Belle Keitges, Mr. and Mrs. Clarence Hyland, 1940, and E. U. Guenzel, 1926. Second row: Mr. and Mrs. George P. Kimball, 1949, Mr. and Mrs. H. R. Amos, 1929, Byron Dunn, 1921, Mr. and Mrs. L. H. Daft, 1941. Third row, Mr. and Mrs. E. K. McMahan, 1954, Mr. and Mrs. Ted E. Barger, 1951, Mr. and Mrs. H. R. Spencer, 1950, and Earl Heironymus, 1955. Those Presidents unable to attend were: A. A. Braun, 1924, Joe Owens, 1930, Floyd Schutz, 1935, C. W. Battey, 1939, W. W. Bauer, 1942, G. Henry Crane, 1943, Fred Aldrich, 1946, and R. W. Gohde, 1947.



CREDIT DEPARTMENT

Letters

LEONARD BERRY

National Retail Credit Week will begin on April 20 and continue through April 26. During these six important days, the nationwide concentration of emphasis on the important role credit plays in our lives will have tremendous influence on credit sales and collections. Credit executives should capitalize on the publicity engendered by *National Retail Credit Week* and step-up collection procedures and also initiate vigorous credit sales promotion programs.

The public will be more receptive to both during the next few months because of the heightened awareness of the desirability of using credit as a tool to better living and also the necessity of paying as agreed in order to keep credit records good.

It is becoming more and more clearly understood that acceptance of credit services also involves the obligation to pay promptly. It is also being recognized that credit service beyond the customary 30 to 90 days should carry a service charge. It is sound procedure for a store or firm to add a service charge on accounts unpaid after 90 days from date of billing.

Retailers generally have been somewhat lax about enforcing payment terms. Other areas of the total consumer credit field have not been so lax. Terms should be clearly set forth when the debt is arranged and collection follow-up should be rapid and insistent. Of course, collection reminders should be courteous and considerate, but they should also be unmistakably psychologically compelling.

Part of what we are trying to do in *National Retail Credit Week* is to encourage greater use of the credit potential of the average individual. It is generally agreed that the consumer is the key to the business health of the nation. The tremendous market for consumer credit sales promotion remains virtually unexploited. Here is an opportunity for the aggressive manager of credit sales to literally create sales. Unceasing programs to get newcomers to the community on the books as credit customers . . . selling campaigns aimed at the vast younger market . . . encouragement of additional purchases by sales-minded credit interviewers, these are just some of the sales possibilities that exist. You will think of many more.

Right now, at the height of a new season, and with consumers conditioned by *National Retail Credit Week* to use credit as a sound, sensible and entirely moral way of managing family finances to greater advantage, managers of credit sales should get intensive credit sales programs underway. Such programs should be launched with enthusiasm and with everyone in the organization alerted and prepared. Plan your campaign carefully and do not stint reasonable expense. Money spent for credit sales promotions is really an investment.

Coming back to collections, it might be a good idea to send reminders to all those accounts that are resting undisturbed in the profit and loss file. Who knows but that someone, having read or heard about *National*

Retail Credit Week, will be moved to do something about old unpaid bills. Your reminder will come along at precisely the right time! Enclose N.R.C.A.'s little booklet, "The Good Things of Life on Credit."

So, from both angles, credit sales promotion and collections, the interest aroused by *National Retail Credit Week* can be turned to real advantage. Insist on bills being paid as agreed and encourage prompt payers, who are in the vast majority, to use their credit potential freely. Both steps will be good for the individual store and also good for the total economy.

This Month's Illustrations



All our letter illustrations this month are from stores and firms in Cincinnati, Ohio, the city to which this issue of *The Credit World* is dedicated.

Illustration No. 1. We start with a collection letter used by The H & S Pogue Company. This is the kind of collection letter that can well be used after a couple of stickers or printed inserts have failed to bring a response. The debtor is courteously invited to tell the store of any special reason why the bill has not been paid. It is sound procedure to allow the debtor an opportunity to give his side of the matter.

Illustration No. 2. Another collection letter, this one from the Dunlap Clothes Shop. This account is, in part, over six months old and stronger collection measures are necessary. The use of the end of the fiscal year as a cut-off point at which it is necessary to report unpaid accounts to the Credit Bureau is an excellent device. Most people have at least some rudimentary ideas about accounting and realize that auditors come into the picture at stated intervals. The Credit Bureau is known as a place where detailed pay records are maintained and that an adverse listing is hurtful to credit standing.

Illustration No. 3. By contrast, here we have a credit sales promotion letter. This is a warm, friendly letter which says a lot in a few words. The newcomer is cordially welcomed and told that her account is immediately available. Then, the long history of the store in selling fine apparel is deftly told. And, finally, the prospect is told that two conveniently located stores are ready to serve her.

Illustration No. 4. This is one of many attractively prepared and skillfully worded printed notices sent by The John Shillito Company. The "light" touch is effective in the early stages of past-due-ness. The use of printed notices and stickers is recommended as being both economical and successful.

Illustration No. 5. We end our letter illustrations with this eminently readable and informative credit sales letter from Rollman's. Here the newcomer is told quite a bit about Cincinnati and about Rollman's. The letter is expertly worded and nicely balanced on the page. Newcomers to Cincinnati will surely want to go in and see what the store has to offer.

THE H. & S. POGUE COMPANY
CINCINNATI 1, OHIO DUNBAR 1-4790

①

Perhaps there is some unusual situation which has prevented you from answering our previous letter concerning your past due account.

Should there be any reason for withholding payment, we will be glad to have the opportunity of discussing the matter with you.

Otherwise we feel sure that you will want to send us a check now while the matter claims your attention.

We assure you of our appreciation.

Sincerely yours,
THE H. & S. POGUE COMPANY

Credit Department

DUNLAP CLOTHES SHOP
417-419 Pine Street
CINCINNATI 2, OHIO

TELEPHONE
MAIN 1-3875

January 27, 1958

②

Mr. John Public
33 Main St.
Cincinnati, Ohio

Dear Mr. Public:

At the close of the fiscal year, January 31st, it is our store policy to review all of our charge accounts in respect to those that have a balance owing six months or longer. It is customary that these accounts be CLOSD to future purchases and given to the Credit Bureau of Cincinnati for collection.

We have reviewed your account and find that part of your balance has been owing six months. However, we hesitate to take the customary action in your case.

It is our desire to assist our customers in maintaining a good credit record and if it is not possible to mail your check within the next few days, we ask that you communicate with us.

Very truly yours,
DUNLAP CLOTHES SHOP

John F. Calvin
Controller

Amount due \$215.00

HART SCHAFFNER & MARX CLOTHES



IT CAN HAPPEN TO ANY OF US...

to completely overlook an unpaid bill. So, while this reminder is before you, why not make out a check for the account and put it in the mail today? We're sure you'd like to have your account up to date.

Very truly yours,
THE JOHN SHILLITO COMPANY

ROLLMAN'S
Downtown, Swifton

⑤

Dear Customer:

Welcome to Cincinnati. We hope you'll be very happy in your new home!

Cincinnati, the city of lovely homes - beautiful parks - lofty church spires - and friendly people. We'd like to do our part to welcome you and to help you feel "at home." Come in to Rollman's soon, won't you? We'd like to get acquainted.

You will find in our two great stores, downtown and at Delton, many household items needed in establishing a new home - furniture, rugs, drapes, appliances and for yourself ready-to-wear and many other things.

Let us help make your purchasing easy by establishing for you a Rollman 30 day charge account or a Rollman Revolving credit account. All you have to do is fill out one of the enclosed applications and return it to us.

Just as soon as it is received, it will have prompt attention and you will soon be among those Cincinnatians who find that their dollars stretch the farthest ... at Rollman's.

Sincerely,
ROLLMAN'S

Charles F. Bovaird
Charles F. Bovaird
Credit Manager

MABLEY & CAREW
CINCINNATI

WESTERN HILLS PLAZA
General Ave. and West Road
Cincinnati 1, Ohio

③

It is a pleasure to announce that we have opened an account for you.

May we extend you, as a Newcomer, a warm welcome to Cincinnati and Mabley and Carew. It is our most sincere wish that you will find happiness in our community and that this will be your permanent home.

Having served this community since 1877, we are indeed proud of our long history as a Fashion Store ... and shall strive to fill your clothing needs with quality merchandise.

We shall look forward to the pleasure of serving you in both our Carew Tower and our Western Hills Plaza Store.

Cordially,
MABLEY AND CAREW

C.D. Whisler
Credit Manager

LOCAL ASSOCIATION *Activities*



Nyack, New York

The new officers and directors of the Consumer Credit Association of Rockland County, Nyack, New York, are: President, Louis Rosenberg, The Bee Hive, Haverstraw, N. Y.; Vice President, Karl Kleinbeck, The Peoples Bank of Haverstraw; and Secretary-Treasurer, G. Winthrop Wells, Credit Bureau of Rockland County, Nyack, N. Y. Directors: Hugh Sanborn, The Carol Company, Sparkill, N. Y.; and Charles T. Kenny, Reliable Finance Corporation, Pearl River, N. Y.

Wichita, Kansas

At a recent meeting of the Wichita Retail Credit Association, Wichita, Kansas, the following officers and directors were elected: President, E. Richard Goodin, Jr., Union National Bank; First Vice President, Lawrence Wulfmeyer, Fourth National Bank; Second Vice President, Jack Hale, Innes; and Secretary-Treasurer, Mrs. Bernice Sharples, Buck's. Directors: W. R. Whitehead, A.B.C. Motors; William Walker, Walt Keeler Company; Emerson Dole, Appliance Center; Wayne Pendergast, Muellers Flowers; Dr. G. E. Tildon; Herbert Linstedt, Pittsburgh Plate Glass Company; A. M. Buzzi, Allen W. Hinkel Company; and Merle J. Zook, Vicker Petroleum Company.

Cleveland, Ohio

The 60th annual meeting of the Cleveland Retail Credit Men's Company, Cleveland, Ohio, was held recently at the Carter Hotel and attended by approximately 550 members and guests. Officers elected were: President, James B. Malone, East Ohio Gas Company; Vice President, Richard A. Herrick, Sterling-Lindner-Davis; Treasurer, Joseph L. Fowler, May Company; and Secretary, Gordon W. Gray, Credit Bureau of Cleveland. Board of Trustees, including the officers, are: Walter T. Kilrain, Sears, Roebuck Company; Clyde C. Kortz, Higbee; Andrew A. Michak, Taylor's; A. R. Peterman, Forest City Publishing Company; Dan W. Shaps, Halle Bros.; and T. W. Walter, Society National Bank.

Looking over the annual report below, left to right, are: Gordon W. Gray, James E. Malone, Joseph L. Fowler, and Richard A. Herrick.



New Officers at Edmonton

At the annual meeting of the Credit Granters Association of Edmonton, Edmonton, Alberta, Canada, the following officers and directors were elected: President, W. R. Sword, T. Eaton Company Limited; Vice President, N. R. Lippe, Woodward Store; and Secretary-Treasurer, C. H. Williams, Credit Bureau of Edmonton Limited. Directors: H. R. Kent, Imperial Oil Limited; Mrs. Ida Kline, Walk-Rite Limited; Frank Lavorato, South Park Motors; George Braginetz, Industrial Acceptance Corporation Limited; Stanley Poloway, O.K. Construction & Supply Company Limited; W. R. McCammon, Interprovincial Building Credits Limited; J. Von Schmidt, City Lumber Company; Eleanore Turner, Credit Women's Breakfast Club.

Bristol, Virginia-Tennessee

At the annual meeting of the Credit Granters Association, Bristol, Virginia-Tennessee, the following officers and directors were elected: President, Mrs. David Weinstein, The Jewel Box; Vice President, W. W. Vine, Credit Bureau of Bristol; Secretary, Mrs. Mary Chapman, Free Service Tire Store; and Treasurer, James Newland, Home Credit Company. Directors: Homer Weaver, Hayes-Reynolds Furniture Company; Mrs. Ethel Keesling, Burroughs; Wade Brooks, Foremost Dairies; Gertrude Torbett, State Motor Company; and H. C. Perry, Community Finance & Thrift Corporation.

Des Moines, Iowa

At the annual meeting of the Retail Credit Association of Des Moines, Des Moines, Iowa, are: President, John H. Robb, Credit Bureau of Des Moines; Vice-President, Jeanette Midgorden, the Des Moines Register and Tribune Company; Treasurer, Hugh H. Van Hosen, Bankers Trust Company; and Secretary, B. H. Biermann, Credit Bureau of Des Moines. Directors: Blaine R. Freimuth, Frankels; William T. Mumma, Sears, Roebuck & Company; Ray Garns, Iowa-Des Moines National Bank; Betty Geist, Credit Bureau of Des Moines; Joan Haegen, Furniture Exchange; and Marvin Johnson, Hamilton Funeral Home.

Johnson City, Tennessee

At the annual meeting of the Associated Credit Managers of Johnson City, Johnson City, Tennessee, the following officers and directors were elected: President, J. H. Varnell, King's, Inc.; Vice President, Walter Wiley, Citizens Loan Corporation; Vice President, Helen Morley, Paty Lumber Company; Vice President, Morrell Lacy, Hannah's, Inc.; and Secretary-Manager, Frank Edmonds, The Credit Bureau. Directors: W. F. Fine, Sterchi Bros. Stores; R. N. Dosser, Dosser's, Inc.; F. B. Hannah, Hannah's, Inc.; John Masengill, Masengill's; L. O. Hale, Tennessee Motor Company; W. F. Shurtz, Pet Dairy Products Company; H. H. Gregg, Gregg Electric Company; M. P. Boyer, The First Peoples Bank; and Jack Miller, The Nettie Lee Shops.



★ Items of Interest From the NATION'S CAPITAL

JOHN F. CLAGETT, Counsel, National Retail Credit Association, Washington, D.C.

First Decade Under the Salary System—Another aspect of the administration of the Bankruptcy Act in which N.R.C.A. has taken a leading interest has been the change-over to the "Salary System" and in the increase of salaries of referees under that system.

The Hon. Edwin L. Covey, Chief of Bankruptcy Division, Administrative Office of the United States Courts, in a recent speech before the Referees' Annual Conference (reprinted in the January, 1958 issue of the *Journal of the National Association of Referees in Bankruptcy*) reviews these 10 years.

While the number of referees in the 10-year period remained exactly the same, at 163, those on a full-time basis increased from 49 on July 1, 1947 to 88 ten years later, and part-time referees reduced from 141 to 75 in the same period; salary limits were increased, first, from \$10,000 and \$5,000 to \$12,000 and \$6,000, and then to \$15,000 and \$7,500; the total of new filings of all types of cases increased from 18,510 in fiscal 1948 to 73,761 in fiscal 1957; Chapter XIII filings rose from 3,315 to 11,549 in the same period.

By occupation of debtor, the number of *employee* cases in the same period increased from 12,546 to 59,053, the latter figure representing 80.1 per cent of all new cases filed in fiscal 1957. Mr. Covey commented that: "These figures are the most revealing of all. . . . This in my opinion reflects the great increase in consumer credit."

Bankruptcy Bill Designed to Plug Loophole in Concealment of Assets Situations—While paragraph 1 of section 152 of the "Criminal Code" subjects bankrupts to prosecution for concealment of assets, the law is well settled that in such a prosecution the Government must prove that the assets were concealed *after* the appointment of a trustee or receiver. However, paragraph 6 of the same section already prohibits officers and agents of potential bankrupts from concealing the assets of their principals in contemplation of bankruptcy—before appointment of a trustee or receiver.

The purpose of the bill is to place individuals who dispose of their property in contemplation of their own bankruptcy on the same footing as agents of individual persons or officers of corporations who are potential bankrupts. The bill H.R. 10,599, was introduced by Congressman Celler (D.-N.Y.) at the suggestion of the Attorney General. It appears to be virtually certain of passage.

Frauds on the Consumer in Connection With Home Improvement Loans—Title I of the National Housing Act authorizes FHA to insure lending institutions against loss on loans made to finance alterations, repairs and improvements on existing structures. Loans up to \$600 may be repaid by the homeowner over a period of 3 years, and those up to \$3,500 may be repaid in 5 years. The FHA reports that as of June 30, 1957, its insurance activities since 1934 have aggregated \$45

billion, and that of this amount \$10 billion represents insurance on some 20.6 million property improvement loans.

Inevitably, it seems, frauds and abuses occur in such large operations involving money and credit. A report by the Attorney General points out that since "intensified prosecution of housing frauds" was undertaken in April 1954, approximately 800 persons and firms have been sentenced for criminal fraud in housing cases. The report states: "The greater number of these offenses occurred in the Federal Housing Administration Title I home modernization program where unscrupulous modernization dealers and fast talking salesmen known in the trade as 'suede shoe boys' ruthlessly victimized small homeowners. In Detroit, for example, 101 convictions resulted from a city-wide investigation by the FBI arising from a single complaint. Evidence of a ring of confidence men was developed after examining the records of a number of banks, the loan documents in many hundreds of loans and after interviewing scores of homeowners. One of the principal perpetrators of this concerted fraud, Jack Chisik, who appeared before the Senate Banking and Currency Committee during the hearings on housing in 1954 and 1955, was sentenced to four years imprisonment and a fine of \$10,000."

Congress intended the home modernization plan to aid the average consumer, but the merchant, the lender and the contractor benefit in increased business. A sharp lookout for these predatory practices on the part of lenders and credit granters, and equipment and supply dealers of all sorts, and the prompt report of any irregularities noted to the FBI, would aid the Government in no small degree in its essential task of policing this situation.

"The American Stockholder"—is the title of a new book just published by J. B. Lippincott. The author, J. A. Livingston, who writes a syndicated column, "Business Outlook," praises the salutary effect of the Securities and Exchange Commission in raising the standards of corporate democracy in action. "Men who once had been the law unto themselves now find other men looking behind their statements and asking questions backed up by the power of subpoena," he comments. But he finds ground to criticize the group of 8,600,000 "shrinking" stockholders in some 3,000 companies whose stock is traded on registered exchanges. They are "scattered, unorganized, indifferent and ineffective," and they are only occasionally aroused from their apathy when a Young or a Wolfson comes along and starts a proxy fight.

Senators Too Long in the Car—The Architect of the Capitol has been forced to sharply reduce the number of parking spaces in the garage of the new Senate Office Building, now nearing completion, as a result of recent trends in Detroit. ★★★

Credit and Collection Procedure

Psychology of Successful Collections

A PERSON in debt is one who is lacking capacity to remit promptly or to meet instalment payments when due and is really a case of sympathetic study. It is true that many who owe past-due accounts are letting the other fellow do all the worrying. However, the great and preponderate bulk of folks in financial difficulty are the victim of misfortune, through illness, accident, death, and a multitude of unforeseeable troubles that can come to any of us. The cold-hearted, glassy-eyed credit manager is not building any new business for his firm, and is not helping to retain the business that someone else, most likely, has worked hard to secure. We should be business builders as well as business protectors.

Most people in the credit field know of my belief in the Limited Liability Loan for intelligent collection purposes. Unfortunately there are too many concerns that fill the newspapers, the mails and large transportation vehicles with large advertisements soliciting those badly in debt, promising to budget their obligations and relieve the financial strain. What usually happens is that the already distressed individual signs another note, pays the fee in advance, and then discovers he is more deeply involved than previously. Many of these concerns do not last long, but even one is too many and they badly clutter and complicate an already difficult situation. The honest and sympathetic approach is still the best.

Method of Procedure

The method is simple and successful. Each merchant endorses for the amount of his bill only. The note goes to the bank, and the bank, with the instalment note in its note case and because the endorsement makes the note good, sends checks to satisfy all obligations. The merchant has his money and the customer now pays his instalments direct to the bank until the note is discharged. This is done at legal banking rates and the customer owes one bill only, instead of being compelled to visit several places to haggle over part-payment on each of the various unpaid bills. The interview and arrangements, signature of the note maker and of the endorsers all takes place in my office.

This procedure is very simple. The merchant has his money, a customer is kept in good credit standing and everybody is happy—the merchant, the customer, the banker and myself.

How about those long past-due accounts out of reach of normal collection methods. Or how about those accounts of years' standing outlawed by the statute of limitations? How can we collect them? This subject is worth some consideration and I have a few worth-while ideas on the matter.

Anybody can get money with a gun or extortion, but it is neither legal nor very satisfactory in the establishment of long range pleasant relationship. You are prob-

ably familiar with the breed to which I refer the unkempt, hard-boiled "give me the money or else" type of collector, who skims the cream now and then, but leaves the inevitable bad taste for every one concerned.

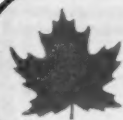
The collector I am thinking about is not only successful, but looks the part. He is neat, clean shaven, reasonably well dressed in conservative business clothing and approaches people with sympathy and understanding. He is the "Tiffany" in the professional collector's field. He would be successful in most any business that deals with the public. He must like people in general to be a "Tiffany" type collector. He does little talking and lots of listening. He must let the other fellow get his troubles off his chest. He must listen to many stories of grief and misfortune with real sympathy. If he listens a reasonable length of time he is better prepared to tell his own story when the time arrives and can do it better with greater effect.

Statute of Limitations

Every lawyer is wise to the statute of limitations. He knows when a bill is outlawed by age. Yet I know a lawyer who had suffered long financial reverses and owed many past-due accounts. He did not have to pay and he knew it. But the right approach softened him. Of course he really always wanted to pay, but nobody was going to push him. It was not too long before his ancient debts were assembled and though legally uncollectable, were reinstated when he quite willingly signed a Limited Liability note. He paid every dime of it. Today he is a friend as well as a client. When he oversteps his purchases and with the help of a fast-spending family gets in too deep with his debts, he telephones his troubles and says he is ready to sign another Limited Liability note. The case is one of many.

This is what I mean by a "Tiffany" kind of collector. All of us can do it and without too much additional effort. All of us as individuals have had something in the way of a trying experience in our dealings with some firm or store where we felt we were being treated with too little tact or lack of consideration in understanding our situation. The average person quickly decides to avoid further business with such an organization unless it possesses other virtues that compel continued patronage.

On the other hand it is easy to recall situations where you have been treated as a valued customer and made to feel your patronage is important. Should dissatisfaction arise, every reasonable consideration is offered and cheerfully extended in adjustment. This is the good operation from the salesclerk through the credit department up to the credit sales manager and even including the collection man. We can all become the "Tiffanys" in credit sales managers and collectors if we try.—W. H. Bailey, Creditors Service Bureau, Dallas, Texas. ★★★



Granting Credit in Canada



Let's Educate the "Skeptics"

RECENTLY a friend of mine asked me if things were going to get worse. He had read in the paper there were over 500,000 people unemployed in Canada and over four and one-half million in the United States. He had also read that this was the largest number unemployed since the depression of the 30's. I told him that I was no expert on the matter, however, in my opinion things were not as bad as some people would make them seem. In Canada we have an election at the end of March and in the fall the United States are having elections. It is always good politics to blame the present administration of any country for the slightest increase in unemployment, regardless of how much that type of talk may damage the economic position of the country. I expressed the opinion that the facts outweigh the skepticism of the time.

For the past 50 years there has been a slight levelling off of business every seven or eight years. Look back at 1920, 1929, 1937, 1946 and if it had not been for the Korean War, 1952, this cycle of levelling off would be scoffed at by some economists, however, there are many who recognize the cycle as a moving factor. It has repeated itself enough times to be worthy of attention.

People are hard to satisfy. As soon as they get their first new car, they start dreaming of a bigger one. When they get their first little bungalow they start dreaming of a larger split level home. It is this desire for the better things in life that gives Canadians and Americans the highest standard of living available in the world. However, the demand for more and better things can get out of hand and it is then necessary for some sobering action to be taken. The action taken was the increase in the interest rate by the Bank of Canada and the Federal Reserve Board in the United States. The governing bodies of these institutions felt that action was necessary if we were to maintain the even flow of supply and demand. They subsequently increased the rates for borrowing money from them. This action was felt all down the line, manufacturer, retailer, consumer. It has been the misinterpretation of this action that is the cause of so much talk of hard times.

After a year or so they felt that things had levelled off and have now started to decrease their borrowing rates. Individual savings are at an all-time high in both countries. Consumer credit is still at a fraction of its potential. In the next few years we should see at least twice the amount of consumer credit outstanding as today, and we can look forward to a continual increase in our standard of living—provided we are not overcome by the "depression" fanatics. It is our job in the credit field to see that this talk of a coming "depression" is nipped in the bud.

President Eisenhower recently stated he expects to see an upswing in employment by the end of March. Some people say this is a little premature. However, those in position to feel the pulse of the economy agree there is going to be a decrease in unemployment by the last quarter of the year. Also, it is expected that gross national product of both countries will be increased

substantially this year over last.

Let us all, therefore, look ahead with optimism. Use every opportunity available to advertise the continual increase in consumer credit for the benefit of all. Credit is here to stay. With consumer credit our countries are going to continue to have the highest standard of living in the world. We in the credit field know things are going to continue to get better. Let us educate those who would see in the future only "depression" and convert them to promotion of prosperity. As I said to my friend, "your talking like that will cause more damage than any economic situation."—Paul J. Holland, *Manager*, Halifax-Dartmouth Credit Exchange Limited, Halifax, Nova Scotia, Canada. ★★★

Annual Meeting at Halifax-Dartmouth

The third annual meeting of the Credit Granters Association of Halifax-Dartmouth, was held at the Lord Nelson Hotel recently, Halifax, Nova Scotia, Canada. Annual reports were submitted and new officers elected. The educational committee reported that over 100 credit employees had taken the credit course sponsored by the association. Plans were outlined for an advanced course in Retail Credit Management. Officers elected were: President, Elliott Jacobs, Bragers Limited; Vice President, Robert Chapman, Gordon B. Isnor; and Secretary-Treasurer, Paul J. Holland, Halifax-Dartmouth Credit Exchange. Directors: Phil Etter, Imperial Oil Limited; J. B. Himmelman, Glubes Limited; Al Neilly, S. Cunard & Company Limited; W. J. Mills, Mills Brothers; and Mrs. C. McCaffery, Halifax Furnishing Company.

Letters Course at Lethbridge

A Streamlined Letters Course was held recently in Lethbridge, Alberta, Canada, sponsored by the Credit Granters Association of Lethbridge and the Credit Bureau of Lethbridge. Lectures were held one night a week for eight weeks and the course was attended by 37 students representing every field of credit granting. It was held at the Lethbridge Junior College. The National Retail Credit Association provided the text and reference book, "Streamlined Letters," by Waldo J. Marra.

Below is a picture taken at one of the meetings. In the background, from left to right, are: James McCutcheon, Lethbridge Junior College; Carl McCutcheon, Credit Bureau of Lethbridge; Mrs. M. Waters, Instructor; and Bernard Simmons, Credit Granters Association of Lethbridge.



WHY A Service Charge?

THE ANSWER, in brief, is that you are entitled to charge for services rendered. Accounts not paid in accordance with terms are an expense in collection effort and in capital invested.

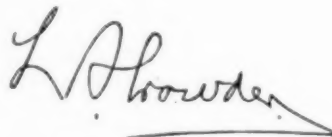
Retailers having adopted the policy report that it has increased collections substantially and credit sales have likewise shown an increase. We know from experience that accounts in a current condition are used more frequently. There has been no unfavorable customer reaction. One Credit Sales Manager reported only four complaints received since the policy was announced in April, 1957.

It came to my attention recently that a large Eastern petroleum company adopted the policy several years ago on credit card customers, with very beneficial results. A study is now being made by a large Western petroleum company and the Credit Sales Manager is hopeful the policy will be approved by the management of that company.

While many retailers have added a service charge for years, a large majority have adopted the policy only in the last year or two.

Recently two department stores on the Pacific Coast changed from adding the service charge on accounts 90 days past due to accounts *60 days past due*. A notice was mailed, by one store, to all charge customers with the April statement. It read as follows: "Just a friendly reminder . . . that your regular charge account at Capwell's is payable within ten days after receipt of your monthly statement. Effective with the April statement, there will be a nominal service charge on any balance which is past due." The amount of the service charge was not mentioned as the only change was in reduction of time from 90 to 60 days.

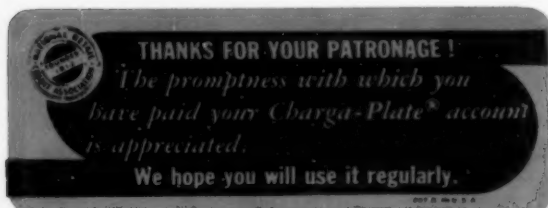
Concerted action of retailers must not be taken in considering the policy. Each firm must decide for itself whether the adoption of a service charge policy is desirable. Group action, according to an opinion of our attorneys and the Attorneys General's Office, would be considered in restraint of trade under the Sherman Antitrust Act.



General Manager-Treasurer
NATIONAL RETAIL CREDIT ASSOCIATION

DELUXE STICKERS THAT PRODUCE

MR. EUGENE B. POWER
UNIVERSITY MICROFILMS
313 NO. FIRST ST.
ANN ARBOR, MICH.

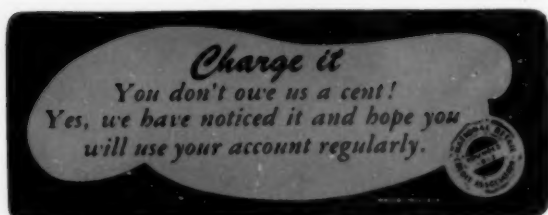


R-4 Red and Black

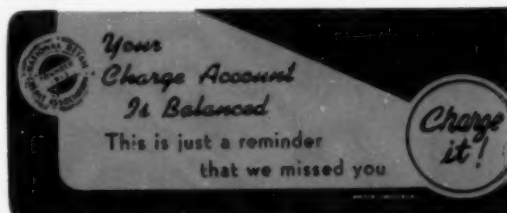
(For use in Charge-Plate stores)



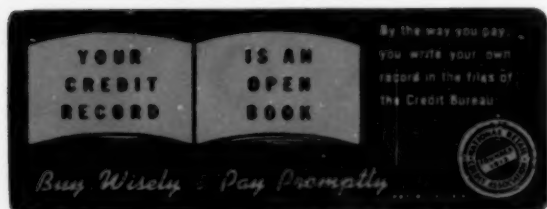
R-2 Yellow and Black



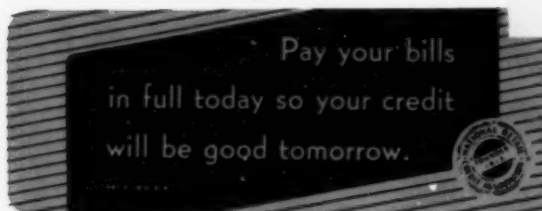
R-3 Chartreuse and Black



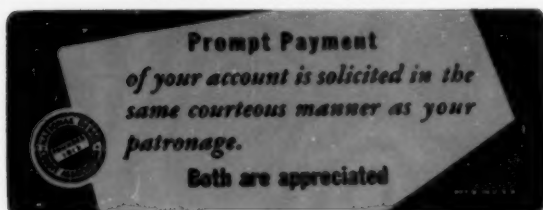
R-5 Purple and Black



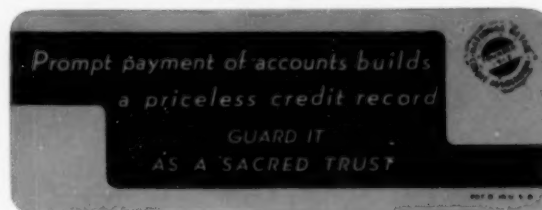
C-3 Lavender, White and Black



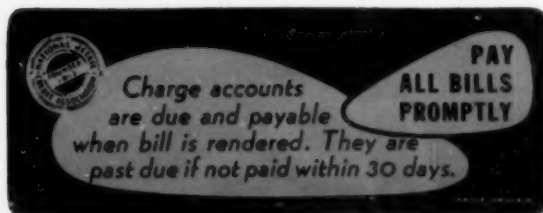
C-4 Yellow and Black



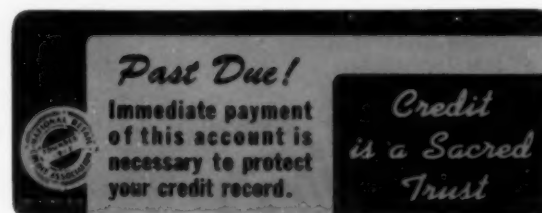
C-8 Red and Black



C-7 Chartreuse and Black



C-5 White and Black



C-2 White and Black

YOU WILL BE especially interested in these new stickers. They are die cut and printed in various colors on high gloss finished gummed paper. The two shown at the top are expressly designed for stores using Charge-Plate and their use approved by the Farrington Manufacturing Company. Stickers are effective in stimulating credit sales, reviving inactive accounts and in collecting past-due accounts.

A product of the St. Louis Sticker Company, St. Louis, Missouri, they are shown above, actual size.

Prices are:

200	\$1.25
500	2.25
1,000	4.00
1,000 (assorted)	4.50

PLACE YOUR ORDER TODAY.

NATIONAL RETAIL CREDIT ASSOCIATION

375 JACKSON AVENUE

ST. LOUIS 5, MO.